

# **British economic and social planning 1959-1970**

Glen O'Hara

Thesis submitted in fulfilment of the criteria for the degree of Doctor of Philosophy

University College

London University

February 2002



*Gouverner, c'est choisir.*

-duc de Levin, 1812

## **ABSTRACT**

This thesis attempts to trace the history of the politics, rhetoric and practice of British central government planning in the 1960s. As such, it attempts to answer a number of questions: why did 'planning' come back into fashion in the early 1960s? What meanings did it take on for those who espoused it? Did different groups have very different ideas about what it meant? Why was it adopted as such an all-encompassing reformist banner in this decade? Did it fail to achieve its ends, and if so, why?

- 'Planning' is therefore treated both as an idea and a practice in its own right, but also as a tool to answer wider questions about post-war British government and politics. How important were interest groups, for instance the 'social partners' of employers and trade unions, in the management of the economy? How central were provider and consumer interest groups in the planning and development of the Welfare State? How close together were the ideas and actions of the political parties? How powerful was the central government, and what were the limits to its power? This thesis will use unpublished manuscript sources from the archives of the central government and the two main political parties, along with some personal papers, to attempt to answer these questions. It will conclude that planning failed because of a basic lack of agreement between the different 'planners', as well as the inability of the central government machinery to conduct such complex and testing work. It will also argue that the influence of political ideology and party-political conflict was much greater than has previously been thought.

## **TABLE OF CONTENTS**

	<b><u>Page</u></b>
Index of charts	iii
Index of tables	iv
Recurrent abbreviations and conventions	v
Acknowledgements	vi
<b><u>A. Introduction</u></b>	
<b>I. Planning and the state in the British 1960s</b>	
‘The resources of democratic planning’: hoping for a breakthrough	1
‘Contribution to civilisation’: a pre-history of planning	3
‘Specialised knowledge’: economists and the new mood	9
‘Bread and circuses’: political ideas and historical challenges	15
‘The age of organisation’: corporatism and the planned society	20
‘Possibilities for action’: towards a history of planning	25
<b><u>B. Economics</u></b>	
<b>II. Conservative economic planning, 1959-64</b>	
Searching for solutions: the political economy of growth and planning	27
‘Psychological value’: a planning council for the nation?	39
‘Ambitious figure’: a plan for industry?	49
‘As simple as it is difficult’: a plan for public expenditure	53
‘Proper national balance’: returning to regionalism	72
The impossible legacy	87
<b>III. Labour’s economic plan, 1964-70</b>	
The ‘true alternative’? Economic management in crisis, 1964-70	89
‘Pretty worthless’: the National Plan and after	98
‘A more discriminating approach’: towards selective intervention	117
‘Hostage to fortune’: Labour and public expenditure	126
‘Restiveness and dissatisfaction’: Labour’s plans for the regions	144
<b><u>C. Welfare</u></b>	
<b>IV. Education</b>	
‘Savage reductions’: the paradox of expansion, 1964-70	162
CLASP and after: local authority models of efficiency	165
‘Moral crime’: the pressure of numbers and public opinion	168
‘Complete and irrevocable denial’: the collapse of tripartism	175
‘Half our future’: the school leaving age, Further Education and training	181
‘Other people’s children’: Labour and education spending 1964-70	189
‘Pros and cons’: a planning machinery for education	197
‘Melting pot’: Further Education and Polytechnics, 1964-70	201
‘Making choices’: Labour and selectivity	204
‘Empty toughness’? Labour comprehensive plans	208
<b>V. Housing</b>	
‘If we had more houses’: the Conservative U-turn, 1959-64	213
‘Largely out of control’: the housing programme, 1959-64	222



‘All over expansion’: a return to planned development?	226
‘Endless vista’: encouraging the private sector	231
‘Improved methods’: the turn to efficiency, 1963/64	234
‘The idea of a common purpose’: Labour’s housing plan, 1964-70	238
Radical measures: cheap mortgages, land reforms and rent control	242
The balance of building, 1964-70	248
‘Repairs and conversions’: a new liberal agenda, 1968-70	257
 <b>VI. Health</b>	
‘True level of need’: the Conservative reorientation of the NHS	264
‘Laboratory of new estates’: General Practice and health centres, 1951-64	266
‘Body blow’: charging for the NHS	270
‘Provocation of Nemesis’: the hospital plan, 1962-64	275
‘People who need care’: local authority health and welfare plans, 1962-64	282
Labour’s NHS: expenditure and provision, 1964-70	289
‘The greatest return’: Labour’s priorities	295
‘Direct breach’: Labour, charges and pay beds	301
‘Evil spirits’: scandal and reaction	305
‘Chain of command’: a new structure for the NHS	312
 <b><u>D. Conclusion</u></b>	
<b>VII. Conclusion: government, choice and history</b>	318
 <b><u>E. Bibliography</u></b>	
	324

## INDEX OF CHARTS

*Note: all figures are on a Great Britain basis unless otherwise stated.*

	<u>Page</u>
I.1. Total economic growth in six developed economies, 1951-64	13
II.1-2. Unemployment, inflation, growth and balance of payments, UK, 1959-64	31
II.3-4. Public sector expenditure and employment, UK, 1891-1971	54
II.5. Government expenditure, UK, 1955-64	64
II.6. Regional unemployment, 1959-64 (000s)	77
II.7. Unemployment rate in Development Areas/ Districts and GB average, 1959-64	81
III.1-2. Unemployment, inflation, growth and balance of payments, UK, 1964-70	93
• III.3. Government expenditure by sector, UK, 1964-70	132
III.4. Percentage rises/ falls in total government expenditure, UK, 1964-70	142
III.5. Public sector deficit/ surplus, UK, 1964-70	142
III.6. Unemployment in three regions against GB average, 1964-70	159
III.7. Unemployment in Development Areas against GB average, 1966-70	160
IV.1-2. Education spending, UK, 1920-74	164
IV.3. LEA consortia, school building, England and Wales, 1959-70	167
IV.4. 1960 projection of pupils and out-turn, England and Wales, 1959-74	171
IV.5-6. FE provision, England and Wales, Scotland, 1951-70	188
IV.7-8. Pupil-teacher ratios and teacher training provision, 1951-74	193
IV.9. Current spending per University student, 1959-70	195
V.1-2. House prices and wages, 1956-70	218
V.3. Public and private sector housing starts, 1959-64	223
V.4. Industrial building, share in public sector completions, 1951-79	236
V.5-6. Interest rates and public/ private sector house starts, 1964-70	252
V.7. Central government subsidies for local authority housing, 1959-70	253
VI.1. NHS funding, UK, 1951-64	265
VI.2. NHS sources of finance, UK, 1951-64	270
VI.3, VI.4. NHS spending, 1951-70	291
VI.5. Hospital capital expenditure, 1964-70	299
VI.6. NHS contributions and charges, UK, 1964-70	303

## INDEX OF TABLES

*Note: all figures are on a Great Britain basis unless otherwise stated.*

	<u>Page</u>
II.1. Macro-economic management, UK, 1959-64	32
II.2. Selected social services, implications of population projections for 1981	59
II.3. Government expenditure as a percentage of GDP, UK, 1951-64	64
II.4. Government cost increases above general GDP cost increases, UK, 1955-64	70
II.5. Refusal of Industrial Development Certificate applications, 1951-64	73
II.6. Local Employment Act expenditure, 1960/61-1963/64	79
III.1. Macroeconomic management, UK, 1964-70	94
III.2. National Plan annual % growth targets and actual outcome, 1964-70	110
III.3. Public sector civil and defence R&D expenditure, 1964-70	120
III.4. Government expenditure as a percentage of GDP, UK, 1964-70	132
III.5. Government cost increases above general GDP cost increases, 1964-70	134
III.6. Refusal of Industrial Development Certificate applications, 1964-70	157
III.7. Investment grants under the 1966 Industrial Development Act	158
III.8. LEA and derelict land reclamation payments, 1965-70	159
III.9. Government advance factory building, 1964-70	159
IV.1. The School Building Survey, England and Wales, 1963	173
IV.2. Secondary Modern schools, characteristics, England and Wales, 1963	174
IV.3. Comprehensive secondary schools, England and Wales, 1955-64	180
IV.4. Government FE capital spending, 1959-64	184
IV.5. National Plan spending increases and reality, 1964-70	190
IV.6. HE numbers, 1970/71: Robbins and reality	194
IV.7. Polytechnic subject areas, numbers/ per cent, 1970-78	202
IV.8. EPA spending, major conurbations, England and Wales, 1968-70	206
IV.9. Comprehensive schools and their pupils, 1966/67-74/75	212
V.1. Mortgage tax relief and option subsidy, 1968-1979	243
V.2. National Plan building targets and reality, 1964/65-1969/70	256
V.3. Local authority tenders for high flats in relation to other dwellings, 1960-70	258
V.4. Local authority multi-storey flat tenders, 1945-1979	258
VI.1. GP Practices and Group Practice Loans, England and Wales, 1959-64	268
VI.2. GP Practices and Group Practice Loans, Scotland, 1959-64	268
VI.3. Hospital capital spending, 1951/52-1963/64	277
VI.4. Mental illness, resident population of NHS hospitals, 1951-64	284
VI.5. Selected LHA capital expenditure, England and Wales, 1959-64	286
VI.5. Selected LHA current expenditure, England and Wales, 1950/51 - 1963/64	287
VI.7 LHA total expenditure, selected categories, Scotland, 1959/60-1963/64.	287
VI.8. LHA health and welfare, England and Wales, 1967: projection and reality	287
VI.9. National Plan spending increases and reality, 1964/65-69/70	290
VI.10. Group practice loans and GPFC expenditure, 1964-70	293
VI.11. Health centre spending, 1964-70	294
VI.12. Selected LHA services, England and Wales, projections for early 1970s	300

## RECURRENT ABBREVIATIONS AND CONVENTIONS

<u>Abbreviation</u>	<u>Reference</u>
AAS	CSO, <i>Annual abstract of statistics</i>
ACD	Alec Cairncross, <i>Diary</i>
BCD	Barbara Castle, <i>Diary</i>
BOT	Board of Trade
CBI	Confederation of British Industries
CCAC	Churchill College Archives, Cambridge
CCO	Conservative Central Office
CPA	Conservative Party Archive
CRD	Conservative Party Research Department
CSO	Central Statistical Office
DEA	Department of Economic Affairs
DEP	Department of Employment and Productivity
DIC	Distribution of Industry Cabinet Committee
EPCs	Economic Planning Councils
FBI	Federation of British Industries
HABCP	<i>Harvester Archives of the British Conservative Party</i>
HABLP	<i>Harvester Archives of the British Labour Party</i>
LPRD	Labour Party Research Department
LUA	Leeds University Archives
LTPD	Long-Term Population Distribution committee
NEC	National Executive Committee, Labour Party
MHLG	Ministry of Housing and Local Government
MOL	Ministry of Labour
NEDC	National Economic Development Council
NIER	<i>National Institute Economic Review</i>
NJAC	National Joint Advisory Council
NPACI	National Productivity Advisory Council for Industry
OECD	Organisation for Economic Co-Operation and Development
OEEC	Organisation for European Economic Co-Operation
PRO	Public Record Office
PESC	Public Expenditure Survey Committee
RCD	Richard Crossman, <i>Diary</i>
SET	Selective Employment Tax
SSC	Social Services Cabinet Committee
TBD	Tony Benn, <i>Diary</i>
TCBH	<i>Twentieth Century British History</i>
TUC	Trades Union Congress
LPA	Labour Party Archive
UWMRC	University of Warwick Modern Records Centre
VLT	Very Long Term planning

*Note:* I have used the normal convention to distinguish between periods of time, and academics years, which are given in the form e.g. 1964-65, and financial accounting years, which are given in the form e.g. 1964/65.

## ACKNOWLEDGEMENTS

First and foremost, thanks must go to my supervisor, Kathleen Burk, who gave kindly of her limited time whenever I was in need of it. Without her wise counsel – and incisive editing – this thesis would never have been finished. My second supervisor, Dr James Hoppitt, lent a much-needed sense of economic rigour and conceptual clarity to the text.

Those tutors who taught the M.Sc. course at Oxford, during which the ideas behind the thesis germinated, were responsible for setting me on my way towards a PhD. Avner Offer, Charles Feinstein, and James Foreman-Peck all helped my early efforts to understand the economics of the 1960s.

I most also single out the financial and intellectual support of Professor Niall Ferguson of Jesus College, Oxford, who has read – and re-read – most of the text that follows without (much) complaint.

During my time at that newspaper, the editorial staff at *The Independent* had to endure a series of inaccuracies and mistakes while I thought about economic and social planning. I should therefore praise the patience of Ian Birrell, Sally Chatterton, Sean O’Grady, Adrian Hamilton and Matt Hoffman.

My fellow UCL Teaching Assistants, James Vaughan and Kate Quinn, also helped a great deal to lessen my teaching burden as I wrote up most of the text. My fellow graduate students, Andrew Blick, Helen Parr and Andrew Vereker were stimulating company in the archives.

Everyone who I lived with during the long gestation of this thesis must be thanked for putting up with economic and social planning: Caroline Bower, Dan Girnary, Emma Gordon, Claire Lewis, Dr Nicholas Sweeney, Dr Eui-Sik Suh, and Dr Catherine Wilson

I must also thank my colleagues at Bristol University who have assisted me by reading all or part of what follows: Professor Rodney Lowe, Dr Roger Middleton, and Dr Richard Sheldon.

A host of archivists and librarians have also helped, especially those at the Public Record Office in Kew, where most of the research was done. Librarians at the Bodleian, the British Library in London, UCL, LSE and London University Library have also done their best to answer my queries. The staff of archives at Leeds University, Churchill College, Cambridge, the University of North London, the Modern Records Centre at Warwick University, and King’s College, Cambridge, have also been invaluable. I am especially indebted to the custodians of party political archives: Jill Spellman, at the Conservative Party Archive in the Bodleian (along with Colin Harris and the staff of Room 132), and Stephen Bird and Jill Martin at the Labour Party’s Archive in Manchester.

Finally, this work is dedicated to my mother.

# I

## PLANNING AND THE STATE IN THE BRITISH 1960s

The community must equip itself to take charge of its own destiny and no longer be ruled by market forces beyond its control.

-Labour Party manifesto, *Let's go with Labour for the New Britain* (1964)<sup>1</sup>

*'The resources of democratic planning': hoping for a breakthrough.*

If there was one concept at the heart of the raised expectations and dashed hopes of British politics in the 1960s, it was 'planning'. This was not only a matter of economic policy, since governments also issued plans in the field of social welfare: the NHS Plan of 1962, the Local Health and Welfare Plan of 1963, and the Housing Plan of 1965, are good examples. Planning was also evident throughout the 1960s in a host of lesser initiatives and projects that were the product of a remarkable confidence, for each was supposed to provide a comprehensive framework for Britain in the 1970s. These plans bore three unmistakable hallmarks. The first was that they were supposed to look ahead over the 'long term', perhaps five, ten or fifteen years; the second was that they were intended to be comprehensive, providing for the population's needs in both the private and the public sector. The final characteristic of British government plans in the 1960s was the confidence with which their aims were pronounced.<sup>2</sup> The ideology of planning therefore included a long time-span, universal coverage and a large degree of optimism concerning delivery.

It is difficult now to recall the hopes invested in such techniques, evident in Harold Wilson's appeal to the 'white heat of the technological revolution'. 'For the first time not only the Labour Party... but also the high priests of industry and finance are coming to realise that... *laissez-faire* economics provide no answer', he wrote in 1961: 'steady industrial expansion and a strong currency... can be achieved only by...

---

<sup>1</sup> F.W.S. Craig, *British general election manifestos 1959-1987* (3<sup>rd</sup> edn., Dartmouth Publishing, Aldershot, 1990), p. 46

<sup>2</sup> For a definition of 'planning' see *The New Palgrave dictionary of economics* (Macmillan, London, 1987), vol. III, pp. 879-80

purposive economic planning'.<sup>3</sup> Such thinking was behind his 1963 Conference speech as leader, in which he argued:

Because we are democrats, we reject the methods which communist countries are deploying in applying the results of scientific research to industrial life. But because we care deeply about the future of Britain, we must use all the resources of democratic planning, all the latent and undeveloped... skills of our people, to ensure Britain's standing in the world.<sup>4</sup>

Thus Wilson combined the appeal of government intervention, harnessing science and technology in the pursuit of a breakthrough in productivity.

Conservatives were not without answers. For two years they had been pursuing their own 'planning' experiment in the National Economic Development Council. Chancellor Selwyn Lloyd had grasped this as a counterpoint to the deflation involved in his 'little Budget' of July 1961. He undertook to 'discuss... with both sides of industry procedures for pulling together... better co-ordination of ideas and plans', and professed himself 'not frightened' of the term 'planning'.<sup>5</sup> Prime Minister Harold Macmillan spent the early 1960s searching for a way to secure 'a deliberate shift of effort and resources from stagnation or decline to growth', since he believed that the 'forces at work [were] now too complicated, [the] risks of setback too great, to leave to market forces'.<sup>6</sup> The Conservatives established a new independent planning authority, responsible for tripartite discussions on the control of wages, setting growth targets, and for sectoral industrial efficiency through the Economic Development Councils, or 'Little Neddys'.<sup>7</sup> This was a formidable break with the relatively orthodox policies pursued in the 1950s.

---

<sup>3</sup> H. Wilson, 'Four Year Plan for Britain', *New Statesman*, 24 March 1961

<sup>4</sup> Wilson, *Purpose in politics: selected speeches* (Weidenfeld & Nicolson, London, 1964), p. 28

<sup>5</sup> J. Leruez, *Economic Planning and Politics in Britain* (London, 1975), pp. 92-3

<sup>6</sup> PRO PREM 11/4296: Macmillan brief for Cabinet, 'Modernisation of Britain', 29 October 1962

<sup>7</sup> M. Shanks, *Planning and politics: the British experience 1960-76* (Allen & Unwin, London, 1977), pp. 22-8

*'Contribution to civilisation': a pre-history of planning.*

The idea of planning was not a sudden invention of the 1960s, for it had been also been very fashionable in the 1930s.<sup>8</sup> However, although the Labour Party did place increased rhetorical emphasis on planning following the collapse of the second Labour Government in 1931, the word was often used without making clear what it meant.<sup>9</sup> There were at least three distinct varieties of Labour planning alone. One school of thought was Herbert Morrison's argument that Labour must nationalise key industries to re-organise them along more efficient lines, while another was G.D.H. Cole's view that Whitehall should have direct control over most of the economy, supervised by an Economic Planning Authority under the direction of the Cabinet (incorporating his earlier Guild Socialist views, he included participation of the workforce in Works Councils).<sup>10</sup> There was also the developing 'proto-Keynesian' circle around Hugh Dalton, Evan Durbin and Hugh Gaitskell – without mentioning the very different ideas of industrial self-government and capitalist reconstruction identified with the small but influential group of 'Tory Planners' around Harold Macmillan.<sup>11</sup>

Labour's planning efforts during its first majority government in 1945-51 were stymied by these logical and political fissures. Socialist enthusiasm for planning remained: Morrison, Lord President and *de facto* head of Economic Affairs between 1945 and 1947, had declared that 'planning as it is now taking shape in this country... will be regarded in times to come as a contribution to civilisation as vital and

<sup>8</sup> A. Marwick, 'Middle opinion in the 'thirties: planning, progress, and political "agreement"', *English historical review* 79 (1964), *passim*; P. Addison (2<sup>nd</sup> edn.), *The road to 1945: British politics and the Second World War* (Pimlico, London, 1994), pp. 38-9, 48-51

<sup>9</sup> A. Booth, 'How long are light years in British politics? The Labour Party's economic ideas in the 1930s', *TCBH* 7, 1 (1996), pp. 14-22; P. Clarke, 'The Keynesian consensus and its enemies' in D. Marquand & A. Seldon, *The ideas that shaped post-war Britain* (Fontana, London, 1996), p. 74

<sup>10</sup> G. Foote (3<sup>rd</sup> edn.), *The Labour Party's political thought* (Macmillan, London, 1997), pp. 171-6

<sup>11</sup> D. Ritschel, *The politics of planning: the debate on economic planning in Britain in the 1930s* (Clarendon Press, Oxford, 1997), pp. 105-6, 112-5, 126-34, 191-6, 202-9



distinctly British as parliamentary democracy and the rule of law'.<sup>12</sup> There was an explicit reference to a 'national plan' in Labour's 1945 General Election manifesto. However, the intellectual confusion about what planning actually meant, so evident in the 1930s, remained: for Morrison, it seemed to mean nationalisation, without much thought about how the newly-nationalised industries might concert their efforts.<sup>13</sup> The appropriate boundary between the use of short-term economic controls, held over from wartime to prevent the inflation that would accompany shortages of raw materials, and long-term economic planning, was never clear.<sup>14</sup>

The Labour Government did publish a series of *Economic surveys* from 1947, the forerunners of which had been submitted to Ministers during the War, and had their roots in Keynes' first survey of national income and manpower budget of 1940-41.<sup>15</sup> However, these were designed to balance rationed *materiel* and demand, so as not to ignite inflation, or invite unemployment. There was little in them to do with detailed industrial change, nor was there intended to be. There were no output targets even for the 'key industries' identified in the 1947 *Survey*, and there was a reliance on exhortation and persuasion that was to become familiar in the coming years.<sup>16</sup> The *Surveys* were therefore increasingly seen as superfluous to Keynesian macro-economic management, and were gradually reduced to a survey of recent developments, with a series of rather vague forecasts for the future.<sup>17</sup>

New institutions and even departments were established to foster long-term plans for the economy, especially after the *debacle* of the coal crisis and Sterling's brief convertibility in 1947. This year saw the creation of the Economic Planning Board, to bring officials (though not Ministers) into regular consultation with the trade

<sup>12</sup> Addison, *Road*, p. 274

<sup>13</sup> H. Pelling, *The Labour Governments 1945-51* (Macmillan, London, 1984), pp. 75-9, 92, 96

<sup>14</sup> A. Cairncross, *Years of recovery: British economic policy 1945-51* (Methuen, London, 1985), pp. 299-301

<sup>15</sup> Addison, *Road*, pp. 170-1

<sup>16</sup> K. O. Morgan, *Labour in power 1945-51* (Clarendon Press, Oxford, 1984), pp. 367-8; K. Middlemas, *Power, competition and the state, vol. I: Britain in search of balance 1945-61* (Macmillan, London, 1986), p. 151

<sup>17</sup> Cairncross, *Years*, p. 323; D. Howell, *British social democracy: a study in development and decay* (Croom Helm, London, 1976), pp. 156-7

unions and employers, and the Central Economic Planning Staff to report on the progress of the *Surveys*.<sup>18</sup> The role of the CEPS was unclear right up to Labour's electoral defeat in 1951.<sup>19</sup> It did have some influence when its members were experts on a particular field, for instance when Edwin Plowden and Robert Hall, with their intimate knowledge of Britain's international trade, advised devaluation in 1949. However, the CEPS remained essentially a 'think tank', able to press reports and opinions on Ministers only on an *ad hoc* basis. It was not equipped to judge between competing claims, or between different yardsticks for measuring policy, for instance in the perennial puzzle of how manpower and cash forecasts could be fitted together.<sup>20</sup>

There was no mechanism for centrally directing either the means or the ends of the *Economic surveys*. The idea of a central Ministry of Economic Affairs, skilfully offered by Attlee to Cripps to divide the latter from the other plotters against Attlee's leadership, was very short-lived: it was in fact limited to six weeks, at the end of which period Dalton was forced to resign by a Budget leak and Cripps was given the Treasury.<sup>21</sup> By 1951, therefore, the Treasury had retained its traditional central place in economic policy-making, a result entirely welcomed by the Head of the Civil Service, Sir Edward Bridges.<sup>22</sup> What Jim Tomlinson has termed the 'iron quadrilateral' – Morrisonian nationalisation, free collective bargaining, Parliamentary sovereignty, and cross-party agreement on Keynesian budgetary management – had defeated the planning effort.<sup>23</sup>

A number of short-term controls were retained, though the public image deliberately fostered by Harold Wilson at the Board of Trade in 1948-49 was of a

<sup>18</sup> Morgan, *Power*, pp. 332-4; Leruez, *Planning*, pp. 45-6

<sup>19</sup> P. Hennessy, *The Prime Minister* (Allen Lane, London, 2000), p. 165

<sup>20</sup> K. Thorpe, 'The missing pillar: economic planning and the machinery of government during the Labour administration of 1945-51', London University PhD thesis (1999), pp. 333-4; P. Hennessy, *Whitehall* (Secker & Warburg, London, 1989), p. 153

<sup>21</sup> Hennessy, *Never again: Britain, 1945-1951* (Cape, London, 1992), pp. 335-6

<sup>22</sup> E. Bridges, *Treasury control* (Athlone Press, 1950), pp. 28-9; J. Tomlinson, *Public policy and the economy since 1900* (Clarendon Press, Oxford, 1990), p. 216; Middlemas, *Power*, I, p. 151

<sup>23</sup> Tomlinson, 'Planning: debate and policy in the 1940s', *TCBH* 3, 2 (1992), p. 173

'bonfire of controls'.<sup>24</sup> The trend was towards relaxation, but only slowly: for instance, the war-time Control of Engagement Order, allowing Ministers to direct workers to certain industries, was reactivated in 1947.<sup>25</sup> Building licensing and exchange control remained down to 1951; 10% of consumer expenditure remained rationed; some basic raw materials such as coal remained subject to government control. Import controls, though following US pressure down to only 10% of private goods from the Organisation for European Economic Co-Operation area, also remained, particularly on the 20% of goods that were bulk purchased by the Government from OEEC countries.<sup>26</sup>

Ideologically, Labour politicians perceived these controls as the main difference between them and their Conservative opponents, and the Full Employment Bill they introduced in 1951 would have made permanent many of the wartime powers that were only being annually renewed.<sup>27</sup> Even so, those measures never came close to matching the more radical planning prescriptions: only 300 workers had actually been *directed* to relocate by the re-activated Control of Engagement Order: sections of the proposed Full Employment Bill was merged into the Supplies and Services (Defence Purposes) Act as a temporary aid to Korean re-armament, rather than becoming a permanent element of a planned economy, while the rest does not seem to have been high among of the Government's priorities.<sup>28</sup> Nor were controls necessarily the same thing as long-term planning: they were never operated against the background of long-term thinking about economic needs. They were rather concerned, like the *Surveys*, to balance demand and supply over the short-term.

<sup>24</sup> B. Pimlott, *Harold Wilson* (HarperCollins, London, 1992), pp. 124-8; P. Ziegler, *Wilson: the authorised biography* (Weidenfeld & Nicolson, London, 1993), pp. 67-9

<sup>25</sup> Cairncross, *Years*, p. 303

<sup>26</sup> A.S. Milward & G. Brennan, *Britain's place in the world: a historical enquiry into import controls 1945-60* (Routledge, London, 1996), pp. 58-9; Tomlinson, *Policy*, pp. 204-5, 208

<sup>27</sup> N. Rollings, "'Poor Mr Butskell: a short life, wrecked by schizophrenia?'" , *TCBH* 5, 2 (1994), pp. 191-3

<sup>28</sup> Thorpe, 'Pillar', pp. 103, 121-2; M. Chick, *Industrial policy in Britain 1945-51* (Cambridge UP, Cambridge, 1998), pp. 202-5; Tomlinson, *Employment policy: the crucial years 1939-55* (Clarendon Press, Oxford, 1987), p.

The legacy was one of men, rather than measures: a number of personnel from the Economic Section and CEPS who would stay within Whitehall, or leave and come back during the 1960s experiment, who at an official level would try to bring the promise of 'planning' to fruition. Eric Roll, later Permanent Under-Secretary at the Department of Economic Affairs, served in the CEPS, as did Kenneth Berrill, who along with Richard Kahn advised the Government on incomes policy in the 1960s, and later became Chief Economic Adviser to the Treasury. Plowden chaired the inquiry that led to long-term public expenditure planning. Douglas Allen was Roll's successor as head of DEA, while Douglas Henley was put in charge of DEA's Public Expenditure division. From the Economic Section, Russell Bretherton was a Treasury Under-Secretary between 1961 and 1968; John Jukes eventually became Donald MacDougall's second-in-command in the Economic Planning section of DEA, while John Grieve-Smith was in turn Jukes' deputy.<sup>29</sup> For most of these men, there was a continuity of outlook between the 1940s and 1960s, and this time, key officials were determined not to fail through lack of effort.

However, in the meantime, the Conservatives embarked on a limited but significant re-orientation of economic policy, away from direct controls and planning, and towards macro-economic management through a crude type of 'steam Keynesianism'.<sup>30</sup> After initially re-imposing some import quotas and controls to meet the financial crisis of 1951-52, from 1953 controls over imports were gradually relaxed. The new government's deep ideological commitment to free trade and payments was at the heart of this policy.<sup>31</sup> An even greater degree of ideological change was apparent in Conservative fiscal policy, which combined large reductions in income tax and surtax in 1953, 1955 and 1957 with increases in more regressive indirect taxation. Although public expenditure after 1953 was on an upwards trend, indirect taxes were used as the favoured weapon of restrictive budgetary management,

<sup>29</sup> *Who's who* (various); *Imperial calendar* (various); Thorpe, 'Pillar', p. 332; Cairncross & N. Watts, *The economic section 1939-61: a study in economic advising* (Routledge, London, 1989), appendix, pp. 352-7

<sup>30</sup> Clarke, 'Enemies', p. 84

<sup>31</sup> Milward & Brennan, *Place*, pp. 75, 78-9, 95, 108, table 5, p. 126; B.W.E. Alford, *Britain in the world economy since 1880* (Longman, London, 1996), table 7.9, p. 234; A.D. Morgan & D. Martin, 'Tariff reductions and UK imports of manufactures: 1955-71', *NIER* 77 (1976), pp. 39-43

along first with deferments of public sector capital investment, and then in the September 1957 package a series of actual public expenditure reductions.<sup>32</sup> There was also an increased reliance on monetary policy, which rose to a crisis level of 7 per cent in 1957. Where Labour had abjured the Bank Rate weapon, the Conservatives were less sparing with monetary restraint.<sup>33</sup>

---

<sup>32</sup> A.E. Holmans, *Demand management in Britain 1953-58* (ICBH, London, 1999), pp. 61, 80-1, 83, 104-5, 123, 128, 131, 140-1, 164-5; K. Jefferys, *Retreat from New Jerusalem: British politics 1951-1964* (Macmillan, Basingstoke, 1997), pp. 19, 24

<sup>33</sup> S. Brittan, *Steering the economy* (Secker & Warburg, London, 1969), pp. 123, 130; Holmans, *Demand*, pp. 42-5, 105, 118, 186

*'Specialised knowledge': economists and the new mood.*

At the level of high theory, the 1950s witnessed a gathering challenge to mainstream Keynesianism, from heterogeneous but influential ideas dubbed 'fundamentalist' or 'new' Keynesianism, bearing fruit in Labour's 1964 programme. Whereas the Keynesianism of the Neo-Classical Synthesis (NCS) had combined Keynesian macro-economics with a more traditional, competitive micro-economics, some Oxbridge economists held much more radical views, most famously (though usually disagreeing with one another) Thomas Balogh, Nicholas Kaldor, and Joan Robinson. Mainstream growth economics was partly derived from the writings of Roy Harrod and Evsey Domar, which examined the endogenous role of savings in achieving enough investment to hold to a steady state of full employment.<sup>34</sup> However, what became known as the 'Cambridge school', Robinson especially, took this 'dynamic economics' further, arguing that profit levels and investment themselves, dependent on the overall growth rate, were the vital element.<sup>35</sup>

This was in contrast to the NCS, upheld by such influential American economists as Robert Solow and Paul Samuelson: their opposition to Kaldor-Robinson growth economics was at the heart of the so-called 'Cambridge controversies', pitting MIT in Cambridge, USA, against Cambridge in the UK.<sup>36</sup> The British side were basically objecting to supposedly ahistorical, timeless and static neo-classical views of

<sup>34</sup> e.g. R. Harrod, 'An essay in dynamic theory', *Economic journal* 49 (1939), pp. 16-18, 22-6; F. Hahn & R.C.O.

Matthews, 'The theory of economic growth: a survey', in American Economic Association/ Royal Economic Society, *Surveys of economic theory: growth and development*, vol. II (Macmillan, London, 1969), pp. 5-8; R.E. Backhouse, *A history of modern economic analysis* (Basil Blackwell, Oxford, 1985), pp. 318-9

<sup>35</sup> See e.g. J. Robinson, *Collected economic papers* vol. III (Blackwell, Oxford, 1965), pp. 17-22; N. Kaldor, 'Alternative theories of distribution', *Review of economic studies* 23 (1956), pp. 97-9; *idem*, 'Capital accumulation and economic growth', in F. Targetti & A.P. Thirlwall (eds.), *The essential Kaldor* (Duckworth, London, 1989), pp. 229-281

<sup>36</sup> M. Blaug, *Great economists since Keynes* (Wheatsheaf, Sussex, 1985), pp. 213-6, 232-3; R. Middleton, *Charlatans or saviours? Economists and the British economy from Marshall to Meade* (Edward Elgar, Cheltenham, 1998), pp. 206-8, 227-8; N. Crafts, 'The golden age of economic growth in Western Europe, 1950-73', *Economic history review* 48, 3 (1995), pp. 430-1

the return to capital, which was supposed to decline over time, making actual investment of little importance to economic performance. For neo-classicists, exogenous technological change would perform this role.<sup>37</sup> Other economists' debates would also have a crucial impact on policy: evidence was emerging that a positive incomes policy might be helpful to check full employment's upwards pressure on wages and prices. Again, there were opponents of this idea: F.W Paish, LSE Professor of Economics, argued that slightly higher unemployment would suffice.<sup>38</sup>

These academic arguments were highly significant, though in terms of government policy less interesting for the specifics of the contest than for what it tells us about the interests of the time. Whether it was to be achieved through technology or capital investment, both theory and practice in the late 1950s and early 1960s were dominated by the pursuit of economic growth. The NCS approach itself stood behind 'growth accounting', which relied on quantifying both inputs and outputs, to find the 'x-efficiency' elements of productivity growth and therefore economic progress itself. The exemplar of this school was the work of E.F. Denison, whose work on comparative growth rates focussed on physical inputs such as total hours worked, advances in knowledge, and increasing efficiencies of scale, downplaying physical capital investment.<sup>39</sup> Government would obviously have a role if supply-side reforms were adopted to boost, for instance, education or better use of labour.<sup>40</sup> On the other hand, the scope for radical action under Fundamentalist Keynesianism seemed almost unlimited, to raise investment through incentives and growth targets, and shift it from 'undesirable' to 'desirable' activities – which at least in Kaldor's case came to mean from services to manufacturing, and from small scale to large scale production.<sup>41</sup>

<sup>37</sup> M. Blaug, *The methodology of economics* (Cambridge UP, Cambridge, 1980), pp. 203-8

<sup>38</sup> F.W. Paish, *Studies in an inflationary economy* (Macmillan, London, 1962), esp. pp. 316-17, 223, 332

<sup>39</sup> E.F. Denison, *Why growth rates differ: post-war experience in nine western countries* (Brookings Institute, Washington DC, 1967), pp. 121, 298-301, and on the UK, pp. 314-5; see Royal Economic Society/ SSRC, *Surveys of applied economics*, vol. II (Macmillan, London, 1977), vol. II, pp. 241-55

<sup>40</sup> See below, chapt. III, on the SET, designed to save labour, and chapt. IV, on the economics of education

<sup>41</sup> R. Cross, *Economic theory and policy in the United Kingdom* (Robertson, Oxford, 1982), pp. 34-5; N. Kaldor, *Causes of the slow rate of economic growth of the UK* (Cambridge UP, Cambridge, 1966), pp. 9-18

The emphasis on investment, scientific progress and structural change emerged at a time when British politics was overtaken by a sense of uncertainty and self-doubt, fostered by relative economic decline. The early 1960s were marked by the publication of a series of jeremiads on the 'state of Britain', attacking the morals and priorities of what the financial journalist Michael Shanks termed 'the semi-affluent society, with its cars and washing machines on the "never-never"... its feverish pursuit of a prosperity it can never bring itself to believe in'.<sup>42</sup> Britain was constantly portrayed as a backward, declining power, obsessed with class and increasingly inefficient.<sup>43</sup> This sense of retreat was fostered by the new growth accounting, with the OEEC and the UN both publishing annual tables of growth performance, in which the UK usually came near the bottom.<sup>44</sup> Taking the 1951-64 period as a whole, it is clear that, despite growth performance being very good by historical standards, it was lagging badly by the yardstick of international comparison (see *chart I.I*). This allowed Labour while in Opposition to develop a powerful and persuasive rhetoric of national decline, showing 'how costly it was to get along without planning'.<sup>45</sup>

This was part of a wider 'growth fever', as economists throughout the West considered how to raise the already very impressive post-1945 growth rates even higher. Encouraged by this apparent success, economists such as Harrod began to speak of 50% to 100% better living standards within a generation; growth was held to be 'the best thing that can happen in economics', more important even than full employment or the best allocation of resources.<sup>46</sup> The OECD set a 50% target for

<sup>42</sup> M. Shanks, *The stagnant society* (Penguin, Harmondsworth, 1961), pp. 174, 139

<sup>43</sup> e.g. G. Rees, 'Amateurs and gentlemen', in A. Koestler (ed.), *Britain: suicide of a nation?* (Hutchinson, London, 1963), pp. 39-51; J. Mander, 'The logic of survival', in *ibid*, pp. 147-60

<sup>44</sup> Tomlinson, 'Inventing "decline": the falling behind of the British economy in the post-war years', *Economic history review* 49, 4 (1996), p. 744

<sup>45</sup> Labour Party, *Twelve wasted years* (1963), p. 20; T. Balogh, *Planning for progress: a strategy for Labour* (Fabian Society tract 346, London, 1963), pp. 1-3; see I. Budge, 'Relative decline as a political issue: ideological motivations of the politico-economic debate in post-war Britain', *Contemporary record* 7, 1 (1993), pp. 1-23

<sup>46</sup> H.W. Arndt, *The rise and fall of economic growth* (Longman Cheshire, Melbourne, 1978), pp. 42-3; C. Clark, *Growthmanship* (IEA, London, 1961), pp. 7-9



economic growth over the next decade in 1960.<sup>47</sup> Though never keen on widespread intervention, even the *Economist* by 1961 wanted to see 'a budget-briefcase full of measures that will give a special incentive to investment in the most progressive and competitive industries'. When NEDO promised to draw up a growth target, the *Economist's* leader-writer raised 'loud cheers for Ned!'<sup>48</sup> Economists themselves had played a key role in encouraging such enthusiasm.

The combination of the 'growth fever' with frustration at Britain's relatively poor economic performance issued in a number of influential attacks on British economic policy, popularising the growth and investment theories of the new economics. The attack on 'stop-go', which was supposed to hold Britain back by lowering expectations and stifling investment, was led by J.C.R. Dow of the National Institute (who had himself served in the Economic Section in the 1940s and 1950s), and Andrew Shonfield, who until 1961 was Economics Editor of the *Observer*. Both men condemned policy based on short-term concerns for the currency, rather than long-term expansion: the gyrations of recurrent expansion and deflation were supposed to restrain growth itself.<sup>49</sup> A smoother growth path would aid in 'avoiding the losses arising from uncertainty'.<sup>50</sup>

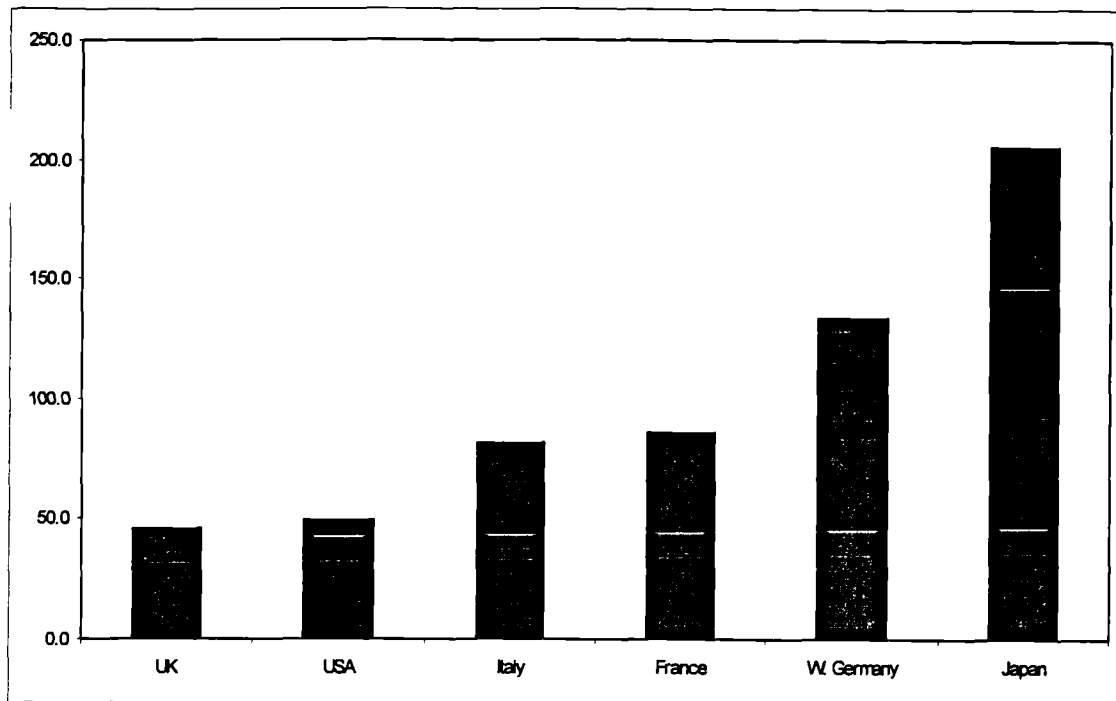
<sup>47</sup> OECD, *Policies for faster growth* (OECD, Paris, 1962), *passim*

<sup>48</sup> *Economist*, April 1, 1961, p. 13, May 12, 1962, p. 537

<sup>49</sup> J.C.R. Dow, *The management of the British economy 1945-1960* (Cambridge UP, Cambridge, 1964), pp. 211, 391, 394-7; A. Shonfield, *British economic policy since the war* (Penguin, Harmondsworth, 1958), pp. 30-5, 49-50; see N. Macrae, *Sunshades in October* (Allen & Unwin, London, 1963), esp. pp. 18, 66-71, 108-9, 112

<sup>50</sup> J. Mitchell, *Groundwork to economic planning* (Secker & Warburg, London, 1966), p. 19; Kaldor, *Essays*, II, pp. 26-8

Chart I.1. Total economic growth in six developed economies, 1951-64 (%)



Source: A. Maddison, *Dynamic forces in capitalist development* (Oxford UP, Oxford, 1991), table A8, pp. 216-19

At the same time, the more pro-active monetary policy of the 1950s had been thrown into doubt by the publication of the Radcliffe Committee's report in August 1959, that interest rates only had a limited effect on investment and demand.<sup>51</sup> This made the 'confidence trick' espoused by Dow and Shonfield, expanding demand to encourage investment and re-equipment, even more attractive. They praised France as avoiding 'stop-go' through planned expansion.<sup>52</sup> However, British enthusiasts for the French example always overlooked the fact that the government in Paris had powers to deny finance to companies who did not co-operate with the Plan, as well as more powers over their nationalised industries than did Whitehall.<sup>53</sup> Furthermore, the

<sup>51</sup> Cmnd. 827, *Report of the committee on the working of the monetary system* (August 1959), pp. 158, 162-4, 172-4; Robert Hall diary, 1 September 1959: Cairncross (ed.), *The Robert Hall diaries 1954-61* (Unwin Hyman, London, 1991), pp.208-9

<sup>52</sup> Shonfield, *Modern capitalism: the changing balance of public and private power* (Oxford UP, Oxford, 1965), pp. 71-3, 158-9

<sup>53</sup> Macrae, *Sunshades*, p. 140; T. Wilson, *Planning and growth* (Macmillan, London, 1964), p. 35

famous French Planning Commissariat had deliberately been kept as a small advisory body, rather than the central planning authority of the British imagination.<sup>54</sup>

Socialist theorists such as Balogh linked planning to administrative reform, condemning the general administrators of the civil service as lacking 'specialised knowledge or training', and prone to 'jejune meditations based on a set of simple theology and beliefs'. The 'Establishment' was presented as an out-of-date, immobile, incompetent elite, adequate for the 19<sup>th</sup> century watchman government, but not for the detailed management of the welfare state.<sup>55</sup> Other Labour thinkers, such as Crossman, linked the need for civil service reform to the need for increased democratic participation and the involvement of 'outsiders' not fully dependent on the Whitehall machine.<sup>56</sup> The attack on the effete aristocracy was not limited to Socialists, with Anthony Sampson's *Anatomy of Britain* condemning a situation in which a Ministry such as Aviation was 'run by Latin and History scholars'.<sup>57</sup> The prevailing discourse was of rational 'econocracy', with an overarching appeal to a planned and scientific economic policy.<sup>58</sup>

---

<sup>54</sup> Y. Ullmo, 'France', in J. Hayward & M. Watson (eds.), *Planning, politics and public policy: the British, French and Italian experience* (Cambridge UP, Cambridge, 1975), pp. 31-4; J. Hackett & A-M. Hackett, *Economic planning in France* (Allen & Unwin, London, 1963), pp. 38-42

<sup>55</sup> Balogh, 'The apotheosis of the dilettante', in H. Thomas (ed.), *Crisis in the civil service* (Anthony Blond, London, 1968), pp. 17-20, 35

<sup>56</sup> R. Crossman, *Planning for freedom* (Hamish Hamilton, London, 1965), pp. 75-7

<sup>57</sup> A. Sampson, *The anatomy of Britain* (Hodder & Stoughton, London, 1962), pp. 221, 225

<sup>58</sup> P. Self, *Econocrats and the policy process: the politics and philosophy of cost-benefit analysis* (Macmillan, London, 1975), pp. 4-5

*'Bread and circuses': political ideas and historical challenges.*

Planning has been relatively overlooked in discussions about the British 1960s, partly overshadowed by ongoing arguments over 'consensus'. Commentators at the time argued that little divided the political parties, and that the public seemed quiescent and content. 'The 'sixties were years of consensus', David McKie argued in 1972: 'the contest was less, now, between competing philosophies; much more about which set of managers was likely to get better results'.<sup>59</sup> Too many writers to list have argued that party government and electoral choice in post-war Britain was 'often a sham, for the parties are not real adversaries and the choices they offer the electorate are imaginary'.<sup>60</sup> The idea is found in a reductive form in textbooks. For example, the *Oxford popular history of Britain* describes 'a mixed economy and a welfare state which took Britain well enough through the difficult post-war transformations, and endured in its essence for another generation or more'.<sup>61</sup>

There are a number of specific explanations for this. One is the shared sacrifice of the Second World War, forging a more united nation from the realities of total war.<sup>62</sup> More prosaically, the economic impact of the war was profound. Government spending ran at about a quarter of GNP in the inter-war period: it rose to over three-quarters in 1943, and never fell back to its previous levels. The share of the national product spent by the government remained at about 40 per cent throughout the 1950s and early 1960s.<sup>63</sup> Although mediated by differences in national institutions, and by particular national economic interests, similar trends were evident

<sup>59</sup> D. McKie, 'Introduction', in C. Cook & *idem* (eds.), *The decade of disillusion: British politics in the sixties* (Macmillan, London, 1972), p. 2

<sup>60</sup> A.M. Gamble and S.A. Walkland, *The British party system and economic policy, 1945-1983: studies in adversary politics* (Clarendon Press, Oxford, 1985), p. 177; also D. Kavanagh & P. Morris, *Consensus politics from Attlee to Thatcher* (Blackwell, Oxford, 1989), pp. 8-12

<sup>61</sup> K.O. Morgan, (ed., 2<sup>nd</sup> edn.), *The Oxford popular history of Britain* (Oxford UP, Oxford, 1988), p. 643

<sup>62</sup> e.g. Addison, *Road, passim*; A. Calder, *The people's war 1939-45* (Cape, London, 1969), pp. 583-5; N. Timmins, *The five giants: a biography of the welfare state* (Harpercollins, London, 1995), pp. 31-2, 34

<sup>63</sup> J.E. Cronin, *The politics of state expansion: war, state and society in twentieth century Britain* (Routledge, London, 1991), pp. 2-3

across the Western world.<sup>64</sup> The national unity required to fight the Cold War has also been seen as crucial in forging a centrist consensus around full employment, government intervention in the economy, and the maintenance of Labour's post-war Welfare State.<sup>65</sup>

There are narrower political and ideological explanations for the emphasis on 'consensus', for both Left and Right have come to see compromise at the centre as a betrayal of their deepest convictions. Attention has often been focussed on the 'failure' to initiate wholly new and radical policies, rather than on the actual course of decision-making and policy. The New Left of the 1960s, in particular, came to see the era as a missed opportunity, true Socialism having been betrayed by its party political leaders.<sup>66</sup> The collapse in Wilson's reputation, partly due to the highly critical diaries published by his erstwhile Cabinet colleagues in the 1970s, was a more specific cause of this sense of disillusion. Richard Crossman was particularly withering about Wilson personally. His real aim was to stay in power, Crossman believed: 'that's the real thing and for that purpose he will use any trick or gimmick'.<sup>67</sup> Memoirists have usually concurred, Denis Healey concluding that Wilson 'had no sense of direction' and was driven by 'short-term opportunism'.<sup>68</sup>

<sup>64</sup> J. Klausen, *War and welfare: Europe and the United States, 1945 to the present* (Macmillan, Basingstoke, 1998), passim, esp. 243-6, 261, 266, 278-81

<sup>65</sup> H. Jones, 'The cold war and the Santa Claus syndrome: dilemmas in Conservative social policy making, 1945-1957', in M. Francis & I. Zweiniger-Bargielowska (eds.), *The Conservatives and British society 1880-1990* (Wales UP, Cardiff, 1996), pp. 242-3; D. Dutton, *British politics since 1945: the rise and fall of consensus* (Oxford, 1991), pp. 42-3

<sup>66</sup> E.P. Thompson, 'The segregation of dissent', in *idem* (ed.), *Writing by candlelight* (Merlin, London, 1980), p. 2; T. Benn, 'Fifty years of consensus rule', in *idem*, *Fighting back: speaking out for socialism in the eighties* (Hutchinson, London, 1988), pp. 2, 8; R. Milliband, *The state in capitalist society* (Weidenfeld & Nicolson, London, 1969), p. 69; D. Coates, *The Labour Party and the struggle for socialism* (Cambridge UP, Cambridge, 1975), pp. 100, 144-6, 121

<sup>67</sup> Richard Crossman diary, 16 November 1967: Crossman, *The Crossman diaries* (Mandarin, London, 1991 1 vol. edn.), p. 406

<sup>68</sup> D. Healey, *The time of my life* (Penguin, Harmondsworth, 1989), p. 339

A similar effect is evident on the Right of the political spectrum, Norman Tebbit for instance condemning the 1960s as 'insufferable, smug, sanctimonious, naïve, guilt-ridden and wet', a 'sunset home' for 'third rate minds'.<sup>69</sup> Andrew Roberts has singled out the 'appeasement' of trade union leaders as particularly unforgivable.<sup>70</sup> Enoch Powell always dismissed the Churchill and Macmillan years as merely a show of 'bread and circuses (provided they were held at a decent distance from the ducal estate)'.<sup>71</sup> Margaret Thatcher herself summed up the Right's views in 1981: 'for me, consensus seems to be the process of abandoning all beliefs, principles values and policies'.<sup>72</sup> This sense of frustration adds a special edge and urgency to the criticisms from the Right, regretful that Conservatives aspired 'to offer little more... than a "new" team, fresher and more amiable, who would maintain continuity but administer more competently'.<sup>73</sup> There is a Bismarckian variant of such analyses, espoused by Correlli Barnett, which blames 'small "I" liberals' and Utopian 'New Jerusalemites' for their ignorance of trade and commerce, and their stewardship of a 'greedy' and 'corrupting' welfare state.<sup>74</sup> Political and economic disillusionment has therefore been central to the hegemony of 'consensus' ideas.

Actual historical research, however, has for a decade or more been disassembling the presumption of political agreement. A landmark article by Ben Pimlott in 1988 began the process. In it he argued that consensus 'may be a mirage... that rapidly fades the closer one gets to it'. 'There is little sign', he argued, 'of the main political parties regarding themselves as part of a "consensus" at the time': to

<sup>69</sup> J. Davies, *To build a new Jerusalem: the Labour movement from the 1880s to the 1990s* (Michael Joseph, London, 1992), p. 208

<sup>70</sup> A. Roberts, *Eminent Churchillians* (Weidenfeld & Nicolson, London, 1997), p. 259

<sup>71</sup> R. Shepherd, *Enoch Powell* (Pimlico, London, 1997), p. 153

<sup>72</sup> A. Seldon, 'Consensus: a debate too long?', *Parliamentary affairs* 47 (1994), p. 502

<sup>73</sup> A. Clark, *The Tories: Conservatives and the nation state 1922-97* (Weidenfeld & Nicolson, London, 1998), p. 268

<sup>74</sup> Most recently C. Barnett, *The verdict of peace* (Macmillan, Basingstoke, 2001), e.g. p. 515; though see J. Harris, 'Enterprise and welfare states: a comparative perspective', *Transactions of the Royal Historical Society* Vth series, 40 (1990), pp. 175-95; D. Edgerton, 'The prophet military and industrial: the peculiarities of Correlli Barnett', *TCHH* 2, 3 (1991), pp. 360-79

impose such ideas commits 'the error of anachronism'.<sup>75</sup> As archives have been opened, and the passing of time has encouraged a more detached attitude, Pimlott's approach has become increasingly influential. From employment policy to the ideology of industrial ownership, it has become commonplace to write about the myth of consensus, or at least its limits – how fundamental differences remained, both in political philosophy and governmental practice.<sup>76</sup> For instance, it has only rarely been admitted just how much post-war Conservatives owed to the ideology of their 1930s forebears. The steel, coal and airways policies of that decade had all been conducted in ways very similar to Tory practice in the 1950s, encouraging rationalisation, centralisation of ownership, and state intervention where necessary. No one seems to argue that Depression-era Conservatives were proponents of 'consensus'.<sup>77</sup>

The assumption of a single 'Keynesian revolution', prompting an inevitable expansion in the size and scope of state activity, is another highly questionable element of the old historiography. For all the attacks on Keynes, mounted by Correlli Barnett among others, he never argued that government should engage in indefinite deficit financing: rather, he would have preferred a maintenance of the insurance principle and a gradated scheme of national insurance contributions.<sup>78</sup> This is a crucial point, since it is clear that, far from launching out onto deficits after 1945, British government maintained 'above the line' surpluses *every year* until the inflationary shocks of the mid-1970s. The public sector borrowing requirement remained stable or

<sup>75</sup> Pimlott, 'The myth of consensus', in L.M. Smith (ed.), *The making of Britain: echoes of greatness* (Macmillan, London, 1988), p. 135

<sup>76</sup> N. Ellison, 'Consensus here, consensus there... but not consensus everywhere: the Labour Party, equality and social policy in the 1950s', in H. Jones & M. Kandiah (eds.), *The myth of consensus: new views on British history, 1945-64* (Macmillan, Basingstoke, 1996), pp. 20-1, 33; M. Kandiah, 'Conservative leaders, strategy – and "consensus"?' in *ibid*, pp. 66, 69, 72-3; R. Lowe, 'The re-planning of the Welfare State 1957-1964', in M. Francis & I. Zweiniger-Bargielowska (eds.), *The Conservatives and British society 1880-1990* (Wales UP, Cardiff, 1996), p. 270

<sup>77</sup> Kandiah, 'Leaders', pp. 59-60; J. Ramsden, 'A party for earners or a party for owners? How far did the British Conservative Party really change after 1945?', *TRHS V<sup>th</sup> series*, 37 (1987), pp. 54-55

<sup>78</sup> Clarke, 'Keynes, New Jerusalem and British decline', in *idem* & C. Trebilcock (eds.), *Understanding decline: perceptions and realities of British economic performance* (Cambridge UP, Cambridge, 1997), p. 154

actually fell as a proportion of national product as a whole until the late 1960s, given the rapid expansion of the economy.<sup>79</sup>

It seems that argument over consensus has now run its logical course, for by definition whether there was a 'consensus' depends on what is meant by that word. This debate has therefore to some extent been 'a matter of quibbling over the meaning of the word': if by 'consensus' is meant complete agreement, especially ideological or rhetorical, then clearly there was no such thing. However, at a less specific level, the commitment to much higher levels of employment than before 1945, and increased state welfare provision, have not been seriously questioned.<sup>80</sup> Though the 'consensus debate' certainly helps delineate the parameters of ideology and practicality in the post-war era – and although it continues to be very important to track agreement and disagreement – this debate seems somewhat otiose when the more concrete, and more relevant, specific policy choices of the 1960s can now be analysed.

---

<sup>79</sup> Tomlinson, 'Why was there never a Keynesian revolution in economic policy?', *Economy and society* 10, 1 (1981), pp. 74, 76; *idem*, 'The "economics of politics" and public expenditure: a critique', *Economy and society* 10, 4 (1981), pp. 389-90; R. Middleton, *Government versus the market* (Edward Elgar, London, 1996), pp. 578-82

<sup>80</sup> J. Charmley, *A history of Conservative politics 1900-1996* (Macmillan, Basingstoke, 1996), p. 126



*'The age of organisation': corporatism and the planned society.*

Contemporary ideas, in the form of corporatist theory and systems analysis, helped foster the idea of consensus, and have also helped distract from individual policy choices. The large corporation was perceived to be the dominant power of the age: governments had to bargain with them, and their equivalents among the trade unions, as equals. This has been thought to limit the ability of governments to make real choices between discrete policies.<sup>81</sup> Furthermore, 'systems analysts' were interested in power and influence, rather than the rhetoric of politics. Such theories gave rise to a concept of politics as essentially technocratic. Mass parties and pressure groups could now take advantage of their own 'research and development', mobilising support through predicting voters' desires. This analysis of politics as a *whole system* based on interests and power, rather than ideas, gave rise to an essentially functionalist and deterministic view of the period.

This acted to truncate the importance of party politics itself. In corporatist analysis 'a limited number of singular, compulsory, non-competitive, hierarchically ordered' organisations would be 'recognised and licensed... by the state and granted a deliberate representational monopoly... in exchange for observing certain controls on their selection of leaders and articulation of demands and supports'.<sup>82</sup> Obviously 'tripartism', the co-ordination of economic activity between government, big business and trade unions, seemed good evidence of the existence of such a system. Shonfield, for one, saw the Conservatives' creation of NEDC in this light. It was 'an essentially corporatist device', he argued, 'shifting the locus of decision in national economic policy from Parliament to another body in which the country's major economic organisations deliberate in secret and bargain with one another'.<sup>83</sup>

'Today', Sheldon Wolin wrote in 1961, 'the individual moves in a world dominated by large and complex organisations. The citizen faces "big government":

<sup>81</sup> W. Grant, *Pressure groups, politics and democracy in Britain* (Philip Allan, London, 1989), pp. 33-5

<sup>82</sup> P.C. Schmitter, 'Still the century of corporatism?', in *idem* & G. Lehmbruch (eds.), *Trends towards corporatist intermediation* (SAGE, London, 1979), pp. 40, 13

<sup>83</sup> Shonfield, *Capitalism*, p. 161

the labourer, a large trade union, the white-collar worker, a giant corporation... Everywhere there is organisation, everywhere bureaucratisation: like the world of feudalism, the modern world is broken up into areas dominated by castles'.<sup>84</sup> In this new world of organised man, many thought that group conflicts would stand in for real choice at the ballot box, and fragmentation into competing interests would replace objective choices between ideas. J.K. Galbraith's celebrated 'technostructure' – the system by which industrial organisation was presumed to have 'passed irrevocably' from individual to group responsibility – purported to show how this worked inside the large corporate business, and was one more variety of such ideas.<sup>85</sup>

Although sceptical of what he saw as 'a romantic – and somewhat false – notion of the past, which sees society as once having been made up of small, "organic", close-knit communities', Daniel Bell also heralded the 'age of organisation', which would force governments to work through large pressure groups if they were to achieve any meaningful change.<sup>86</sup> Such ideas were also inherent in 'pluralism', the idea of society as an arena in which conflicting group interests are played out, and in which government would increasingly play the role of referee. The problem with this was that 'pluralism' struggled to explain the continued existence of an independent State apparatus, separate from the competing interests attempting to influence it: one answer to this was that governments had to rest on fundamental consensus between competing interest groups, and that the State should remain in being to support those values they held in common.<sup>87</sup>

Others, such as the systems analyst David Easton, refused to treat the State and competing interest groups as discrete entities at all. Individuals were thus subsumed

---

<sup>84</sup> S. Wolin, *Politics and vision: continuity and innovation in western political thought* (Allen & Unwin, London, 1961), p. 354

<sup>85</sup> J.K. Galbraith, *The new industrial state* (Hamish Hamilton, London, 1967), p. 69; *idem*, *The affluent society* (Andre Deutsch, London, 1958), p. 101

<sup>86</sup> D. Bell, *The end of ideology: on the exhaustion of political ideas in the 'fifties* (Free Press, Glencoe, Ill., 1960), pp. 27, 63

<sup>87</sup> J. Lively, 'Pluralism and consensus', in *idem*, P. Birnbaum & G. Parry (eds.), *Democracy, consensus and social contract* (SAGE, London, 1978), p. 190

into an entire system, subject to 'disturbances' and 'stresses' but still fundamentally a single analytical unit.<sup>88</sup> This structural interest – in why politics should in fact exist at all – was reflected in the work of Talcott Parsons, who was primarily concerned in how different political communities decide on 'prescribed, permitted and prohibited behaviour'. He found his answer in a network of institutionalised norms, which could act as mutually supporting props for existing social systems and authority.<sup>89</sup> Others, for instance Karl Deutsch, utilised 'systems' models with less caution. Deutsch drew a parallel between these hidden networks and the new science of cybernetics, thinking of them as 'servo-mechanisms' within 'learning nets' that were adapted to react to, and learn from, their external environment.<sup>90</sup> The end result was that politics was conceived as a whole system, reacting more or less automatically to various stimuli: the role of individuals, independent groups, and even the contingency of history itself, was thus called into question.

The most influential proponent of structuralist views has been the American political theorist Samuel Beer. He attempted to show how the 'heightened group politics' of a 'new pluralism' underlay Britain's post-war 'failure'. This issued from 'competition for the votes of the emerging groups of beneficiaries of the developing social programmes'.<sup>91</sup> Furthermore, governments, when intervening in the economy, would give away more and more of their powers to secure consent for their policies. The 'corporatist' bias of both Labour and Tory governments, both parties perceiving society as a set of groups to satisfy, would reinforce this process.<sup>92</sup> Although their value systems remained very different, electoral necessity and the demands of mighty subjects forced them together.<sup>93</sup> Beer put this case as early as 1961: 'issues between the parties have become marginal, statistical, quantitative, questions of "more" or

<sup>88</sup> D. Easton, *A systems analysis of political life* (Chicago UP, Chicago, 1965), pp. 14-15, 21-5

<sup>89</sup> T. Parsons, 'Authority, legitimation and political action', in *idem* (ed.), *Structure and process in modern societies* (Free Press, Glencoe, Ill., 1960), pp. 182-3, 198

<sup>90</sup> K.W. Deutsch, *The nerves of government* (Free Press, Glencoe, Ill., 1963), pp. 80, 82, 89-90

<sup>91</sup> S. Beer, *Britain against itself: the political contradictions of collectivism* (London, 1982), pp. 4, 7

<sup>92</sup> See also A.G. Jordan, 'Iron triangles, woolly corporatism and elastic nets: images of the policy process', *Journal of public policy* 1, 1 (1981), esp. p. 96

<sup>93</sup> Beer, *Modern British politics: parties and pressure groups in the collectivist age* (London, 1982), pp. 69-70

“less” rather than great moral conceptions in conflict’.<sup>94</sup> The neo-liberal economists of the 1970s analysed government in terms of the governors’ self-interested desire to be re-elected, and their attempts to placate powerful, well-informed and close-knit pressure groups with increasingly desperate concessions.<sup>95</sup>

Our view of post-war Britain has been heavily influenced by these ideas. For one thing, some historians began to treat British politics as if it proceeded according to the pluralist theory that functional consensus was vital to the workings of any society. Numerous studies have shared Wolin’s assumption of ‘the absorption of the political into non-political institutions and activities’.<sup>96</sup> Ronald Manzer, for instance, analysed the workings of the post-war education system as a ‘sub-government’ subject to the rationale of ‘pluralisation’. His work on the NUT is essentially a case study of how ‘stable relationships usually develop among the interests clustering about a decision making centre’.<sup>97</sup> Indeed, the entire education system, based around the ‘cornerstone’ of the 1944 Education Act, has been summarised as a system in which professional ‘checks and balances’ ensured that ‘educational and institutional policies remained largely unchanged’.<sup>98</sup> The NHS, and indeed Western medicine as a whole, has been subject to similar investigations, with expert providers assumed to be

<sup>94</sup> *idem*, ‘One-party government for Britain?’, *Political quarterly* 32 (1961), p. 114

<sup>95</sup> W. Mitchell, ‘Inflation and politics: six theories in search of reality’, in T. Willet (ed.), *Political business cycles: the political economy of money, inflation and unemployment* (London, 1988), pp. 77-86; M. Olson, *The rise and decline of nations* (Yale UP, New Haven, 1982), pp. 37-41

<sup>96</sup> Wolin, *Vision*, p. 353

<sup>97</sup> R.A. Manzer, *Teachers and politics: the role of the National Union of Teachers in the making of national educational policy in England and Wales since 1944* (Manchester UP, Manchester, 1970), p. 1

<sup>98</sup> M. Locke, *Power and politics in the school system* (Routledge & Kegan Paul, London, 1974), p. 4; M. Kogan, *Educational policy-making: a study of interest groups and Parliament* (Allen & Unwin, London, 1975), p. 24; S.J. Ball, *Politics and policy-making in education: explorations in policy sociology* (Routledge, London, 1990), pp. 11-

increasingly powerful given their privileged knowledge, and the extent to which governments had to rely on them.<sup>99</sup>

Though there is in this literature usually an awareness that corporatism and interest group politics were never totally dominant, or agreement universal, ideological contests have been isolated from one of the core businesses of government – planning for objective future needs and choosing priorities. The role of expert advice, and the role of expertise as a ‘societal guidance mechanism’, is universally emphasised.<sup>100</sup> The choices before decision-makers have frequently been reduced to the more obvious *philosophical* disputations of the times – over the supposedly ‘liberal’ school curriculum, for instance – often conducted as part of a specifically ideological debate.<sup>101</sup> Social science analysis of the process of government has undoubtedly been extremely salutary in generalising about overall trends in the developed world, demonstrating the limits complexity places on choice, and rectifying any simple-minded tendency to think that Prime Minister and Cabinet were the only independent policy actors.<sup>102</sup> However, this literature is only just beginning to equip itself with a sense of specificity and contingency, which should be central to the actual historical record.

<sup>99</sup> e.g. H. Eckstein, *Pressure group politics: the case of the BMA* (Allen & Unwin, London, 1960), p. 48; R. Klein, *The politics of the NHS* (Longman, London, 1989), pp. 56-7; F. Honigsbaum, *The division in British medicine* (Kogan Page, London, 1979), pp. 301-305, 308-10

<sup>100</sup> P. Healey, *Local plans in British land use planning* (Pergamon Press, Oxford, 1983), p. 7; J.B. Cullingworth & V. Nadin, *Town and country planning in the United Kingdom* (12<sup>th</sup> edn., Routledge, London, 1997), p. 141; G.E. Cherry, *Town planning in Britain since 1900* (Blackwell, Oxford, 1996), p. 133

<sup>101</sup> e.g. A. Adonis & S. Pollard, *A class act: the myth of Britain's classless society* (Hamish Hamilton, London, 1997), pp. 43, 61

<sup>102</sup> e.g. R.A.W. Rhodes, *Understanding governance: policy networks, governance, reflexivity and accountability* (Open UP, Buckingham, 1997), pp. 9-13; *idem*, ‘From Prime Ministerial power to core executive’, in *idem* & P. Dunleavy (eds.), *Prime Minister, Cabinet and core executive* (Macmillan, Basingstoke, 1995), pp. 11-13; ideas best applied in Lowe & Rollings, ‘Modernising Britain 1957-64: a classic case of centralisation and fragmentation?’, in R.A.W. Rhodes, *Transforming British government vol. I: changing institutions* (Macmillan/ESRC, Basingstoke, 2000), pp. 113-6

*'Possibilities of action': towards a history of planning.*

Political polemic and social science theories have therefore often dominated the historiographical landscape of the 1960s, to the detriment of actual empirical investigation. This has been partly facilitated by the emphasis on the cultural and social changes of the times: among Arthur Marwick's 'fourteen characteristics' of this decade, *not a single one* refers to the attractions of the planning idea, a perverse decision since his study is supposed to encompass France, the main exporter of such ideas.<sup>103</sup> These ideas, along with Wilson, their chief technocratic exemplar and advocate, also became discredited. It was all too easy, after the economic setbacks of the period, to deride the experiment as 'more of an embarrassment than a guide to action', 'swiftly relegated into a very agreeable form of adult education'.<sup>104</sup> This, of course, has been the prevalent approach, but the politics and policies of planning deserve to be properly uncovered, and historically explained, rather than simply dismissed.

The field is indeed now attracting historical research. General industrial policy, as well as the creation of NEDC and the DEA, has come under scrutiny, and welfare and economic policies are increasingly seen as interlocking elements within a single planning strategy, rather than as discrete analytical subjects.<sup>105</sup> Such studies

<sup>103</sup> A. Marwick, *The 'sixties: cultural revolution in Britain, France, Italy and the United States c.1958 – c.1974* (Oxford UP, Oxford, 1998), pp. 17-20; *idem*, *British society since 1945* (3<sup>rd</sup> edn., Penguin, Harmondsworth, 1996), pp. 125, 174; see B. Levin, *The pendulum years: Britain and the sixties* (Cape, London, 1970); C. Booker, *The neophiliacs: a study of the revolution in English life in the 'fifties and 'sixties* (Collins, London, 1969); J. Green, *All dressed up: the sixties and the counterculture* (Pimlico, London, 1999)

<sup>104</sup> Cairncross, *Managing the British economy in the 1960s* (Macmillan, Basingstoke, 1996), p. 137; Lord Lever, in Hennessy, *Whitehall*, p. 169

<sup>105</sup> e.g. N. Tiratsoo & Tomlinson, *The Conservatives and industrial efficiency 1951-64* (Routledge, London, 1998); A. Ringe, 'Background to Neddy: economic planning in the 1960s', *Contemporary British history* 12, 1 (1998), pp. 82-95; C. Clifford, 'The rise and fall of the Department of Economic Affairs, 1964-69: British Government and indicative planning', *Contemporary British history* 11, 2 (1997), pp. 94-116; P. Bridgen & Lowe, *Welfare policy under the Conservatives 1951-64* (PRO publications, Kew, 1998), pp. 11-16, 18-26; Bridgen, 'The state, redundancy pay, and economic policy-making in the early 1960s', *TCBH* 11, 3 (2000), pp. 233-58

have been very sceptical about the amount of continuity between governments, echoing earlier theorists such as S.E. Finer, who emphasized just how contradictory party programmes were, and the damage the structures of political confrontation did to the effectiveness of both main parties' policies when in power.<sup>106</sup> The task attempted here is to contribute to this expanding literature, the next stage in the new, post-'consensus' generation of historical writing. Thus it is hoped to follow the analytical approach recommended by Sir Alec Cairncross, revealing 'the techniques that were being developed, the possibilities of action that were canvassed, the thinking and differences of opinion that underlay the ministerial pronouncements'.<sup>107</sup>

Though the main emphasis throughout is on central government, utilising newly (and in some cases very recently) available public records, this is not because Whitehall is herein to be treated as the sole repository of power in post-war Britain, but because it was to central government that the most important pressure-groups looked, and where the most important planning decisions and most persistent planning rhetoric originated. Given the methodological problems of relying on the highly-selective Cabinet minutes and Prime Ministers' correspondence, a consistent effort has been made to use lower-level departmental documents, as well as the papers of trade unions, employers, and political parties.<sup>108</sup> The undertaking is therefore to uncover some of the real choices before governments and parties, for the first time utilising official and political documents covering the whole of this decade. This should help to reveal why planning came to seem important again, in which policy fields ideology was most important in its adoption, and where and how it was defeated by practical constraints, political opposition, or official resistance.

---

<sup>106</sup> S.E. Finer, 'Adversary politics and electoral reform', in *idem* (ed.), *Adversary politics and electoral reform* (Anthony Wigram, London, 1975); most recently, H. Pemberton, 'A taxing task: combating Britain's relative decline in the 1960s', *TCBH* 12, 3 (2001), pp. 372-5

<sup>107</sup> Cairncross, *Years*, xiii

<sup>108</sup> Recommended in Lowe, 'Plumbing new depths: contemporary historians and the Public Record Office', *TCBH* 8, 2 (1997), pp. 241-2, 249

## II

### CONSERVATIVE ECONOMIC PLANNING 1959-64

The trouble is that Economics is not a Science - hardly even an Art. It's a Gamble.  
-Harold Macmillan, diary, 4 October 1958<sup>1</sup>

*Searching for solutions: the political economy of growth and planning.*

Having won the 1959 General Election by a greater margin than those of 1951 and 1955, the Conservatives seemed set for a confident, prolonged period of centre-Right government. In three successive elections they had increased their standing in the House of Commons, securing overall majorities of 17, 58 and 100.<sup>2</sup> The Labour Party was divided internally and, more importantly, had little to say to a new, 'affluent' electorate. In 1960 the authors of *Must Labour lose?* showed how 35% of the working class, traditionally Labour voters, now saw themselves as 'middle class'. Their 'unconsidered identification' with the Labour Party was ebbing with their class identity, as none of the respondents in this group saw Labour as allowing 'a man to better himself'.<sup>3</sup> Labour politicians agreed, Anthony Crosland conceding that voters enjoying a 'reasonable standard of living' might see no need for change, and the Party's General Secretary arguing that 'the rapid development of new industries' had left the Party behind, identified as it was with heavy industry and its workers.<sup>4</sup>

However, within two years the Conservatives' confidence had collapsed. By 1961, they were in flight from their ideological commitment to economic liberalisation, and the Party – officially at least – was committed to an experiment in state planning. This project, in the words of William Armstrong, Joint Permanent Secretary at the Treasury, would involve 'a great increase in positive action by Government - action that is intended to influence positively the way in which the

---

<sup>1</sup> G.C. Peden, *The Treasury and British public policy 1906-59* (OUP, Oxford, 2000), p. 510

<sup>2</sup> D. Butler & G. Butler, *British political facts 1900-1994* (Routledge, London, 1994), pp. 216-17

<sup>3</sup> M. Abrams, R. Rose, & R. Hinden, *Must Labour lose?* (Penguin, Harmondsworth, 1960), pp. 14-15

<sup>4</sup> A. Crosland, *The Conservative enemy* (Jonathan Cape, London, 1962), p. 148; *idem*, 'The future of the Left', *Encounter* 14, 3 (1960), p. 3; Harvester Archives of the British Labour Party, I/682: Morgan Phillips, NEC minutes, 13 July 1960



economy as a whole develops, including the deliberate building up of selected industries while allowing others to decline'.<sup>5</sup> What was it that caused this shift away from liberal economic management, and prompted the burst of planning rhetoric?

At least part of the reason is to be found in Harold Macmillan's own personality and philosophy. Here, after all, was the man who had advocated a 'middle way' in the 1930s, in which industrial re-organisation would be achieved through the means of Industry Councils in each sector, charged with rationalisation and centralisation, and monitored by an Industrial Reorganisation Advisory Council appointed by Parliament. With Britain's abandonment of free trade and the gold standard in the early 1930s, he believed, 'the idea of an unplanned self-adjusting economic system had been finally and irrevocably destroyed'.<sup>6</sup> 'Planning is forced upon us', he wrote in 1933, believing the discipline of the market 'no longer adequate' in modern conditions.<sup>7</sup> Given that Macmillan was to a great extent his own Chancellor, installing a series of weak subordinates to the post to strengthen his own political position, perhaps it was with Macmillan that the planning experiment originated.<sup>8</sup> He was certainly often contemptuous about Treasury officials, with their 'narrow and jealous minds'.<sup>9</sup>

However, Macmillan was a much more complicated figure than this suggests. He was, for instance, quite capable of implementing deflationary policies, especially following the 'humiliation' of Suez and the economic boom which had coincided with the 1955 General Election. Many of the spending cuts that Thorneycroft was to resign over in 1958 were in fact Macmillan's, proposed just before he left the Treasury in 1957. As Chancellor, he had secured better relations with the Bank of England, used monetary policy more than Butler, and initiated a public spending review of defence

---

<sup>5</sup> PRO T 320/70: Armstrong to Hubback, 'Modernising Britain', 25 October 1962

<sup>6</sup> H. Macmillan, *The middle way: a study of the problem of economic and social progress in a free and democratic society* (Macmillan, London, 1938), pp. 202-203, 198

<sup>7</sup> Marwick, 'Opinion', p. 287

<sup>8</sup> e.g. E. Dell, *The Chancellors: a history of the Chancellors of the Exchequer 1945-1990* (HarperCollins, London, 1996), pp. 243, 258, on Heathcoat Amory and Selwyn Lloyd

<sup>9</sup> P. Hennessy, *The Prime Minister: the office and its holders since 1945* (Allen Lane, London, 2000), p. 251

spending which was entirely focussed on reducing Britain's commitments abroad.<sup>10</sup> He was also clear-eyed about 'the Churchill - Monckton regime', in his view characterised by 'industrial appeasement, with continual inflation'.<sup>11</sup>

One key to the shift in thinking can be found in Macmillan's political, even cultural, pessimism. He had no sense of any Conservative right to indefinite power. On a visit to Norway in 1961 he confided to his diary: '[Norway's] "applied Socialism" is of a fairly moderate kind and the Government is, in many respects, not unlike our Progressive Conservative Government here. I think both Sweden and Norway present the policies which Mr Gaitskell seeks vainly to impose on the British Labour Party. If he were to succeed, they too would win power and hold it for a long time'.<sup>12</sup> As stimulus and disincentive followed each other with weary repetition, this pessimism only grew. An appeal to his political opponents' methods, in order to keep himself in power, was not so out of character from this perspective.

The economic gyrations of the period spurred a new 'search for solutions', as the seemingly irreconcilable objectives of British economic policy came repeatedly into conflict. Economic management came to seem increasingly unsatisfactory, for the inverse relationships between inflation and unemployment, growth and the balance of payments, defied efforts to smooth them out. The course of policy can be followed in *Charts II.1-II.2*, in which the repeated attempts to secure growth and reduce unemployment, followed by balance of payments difficulties and retrenchments, are obvious. Even leaving aside the sharp deflation of late 1955 to 1957, and the 'reflation' exercise of 1958-59, the Government switched economic policy continuously during the course of the 1959-64 Parliament, as can be seen from *Table II.1*. First there was the deflation of 1959-60, then the crisis measures of July 1961, a 'growth solution' in 1962/63, and then a return to restraint in 1964. Macmillan

---

<sup>10</sup> A. Booth, 'Inflation, expectations and the political economy of Conservative Britain 1951-64', *Historical journal* 43, 3 (2000), p. 834

<sup>11</sup> Macmillan diary, 15 March 1957: Jeffrys, *Retreat*, p. 66

<sup>12</sup> Bodleian Library, Oxford, Western MSS dep. d. 21/1: Macmillan diary, 10 June 1960

became less and less enamoured of this economic switchback, attempting to delay or forestall, for instance, the interest rate rises of 1960.<sup>13</sup>

Policy instability was only exacerbated by the 'economic regulators' announced in the 1961 Budget. These gave the Chancellor powers, between Budgets, to vary NI contributions and customs duties, in order to help regulate the economy.<sup>14</sup> However, by giving the Government discretionary powers to alter taxation at any point, these also added to the sense of uncertainty over immediate policy, as Macmillan for instance attempted to restrain the Treasury from adopting fiscal deflation in 1960-61.<sup>15</sup> Cabinet opposition did prevent the Chancellor from using the NI regulator in his July 1961 package.<sup>16</sup> The strain of reacting to every economic change caused a reaction against constant intervention. It was 'baffling', Macmillan conceded: 'like... one of those puzzles we had as children – you can get three into the holes and when you get the fourth in, out pops one of the others'.<sup>17</sup> He felt 'like those young ladies who oscillate... between the stimulant and the tranquilizer'.<sup>18</sup>

---

<sup>13</sup> PRO PREM 11/4772: Macmillan to Heathcoat Amory, 8 December 1959, Heathcoat Amory to Macmillan, 'Interest rates', 31 December 1959, 19 January 1960; Bodleian, dep. d. 21/1: Macmillan diary, 7 February 1960, 21 June 1960; PRO CAB 128/34: Cabinet minutes, 21 June 1960

<sup>14</sup> *House of Commons debates*, vol. 638, col. 806; Selwyn Lloyd Budget statement, 17 April 1961; Brittan, *Steering*, pp. 154-7; F. T. Blackaby, *British economic policy, 1960-1974* (Cambridge UP, Cambridge, 1978), p. 17

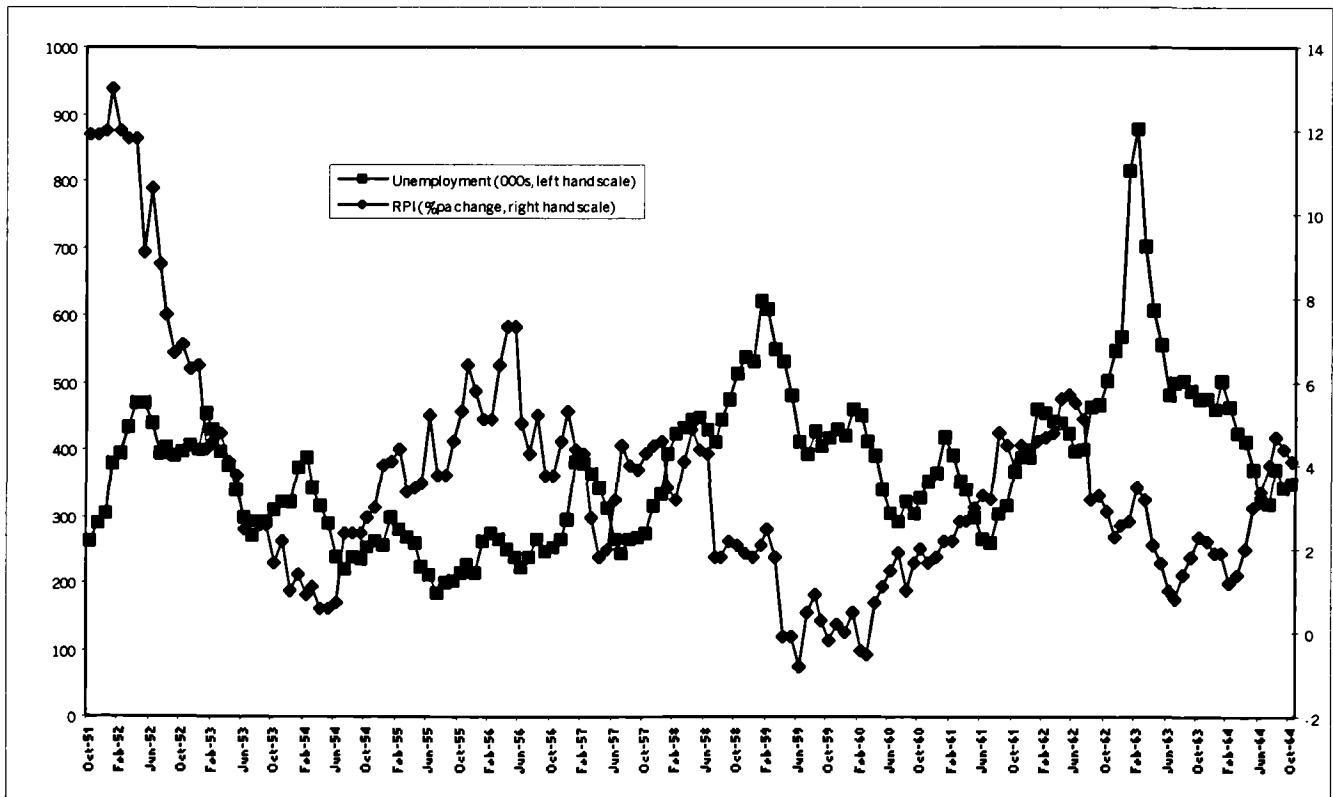
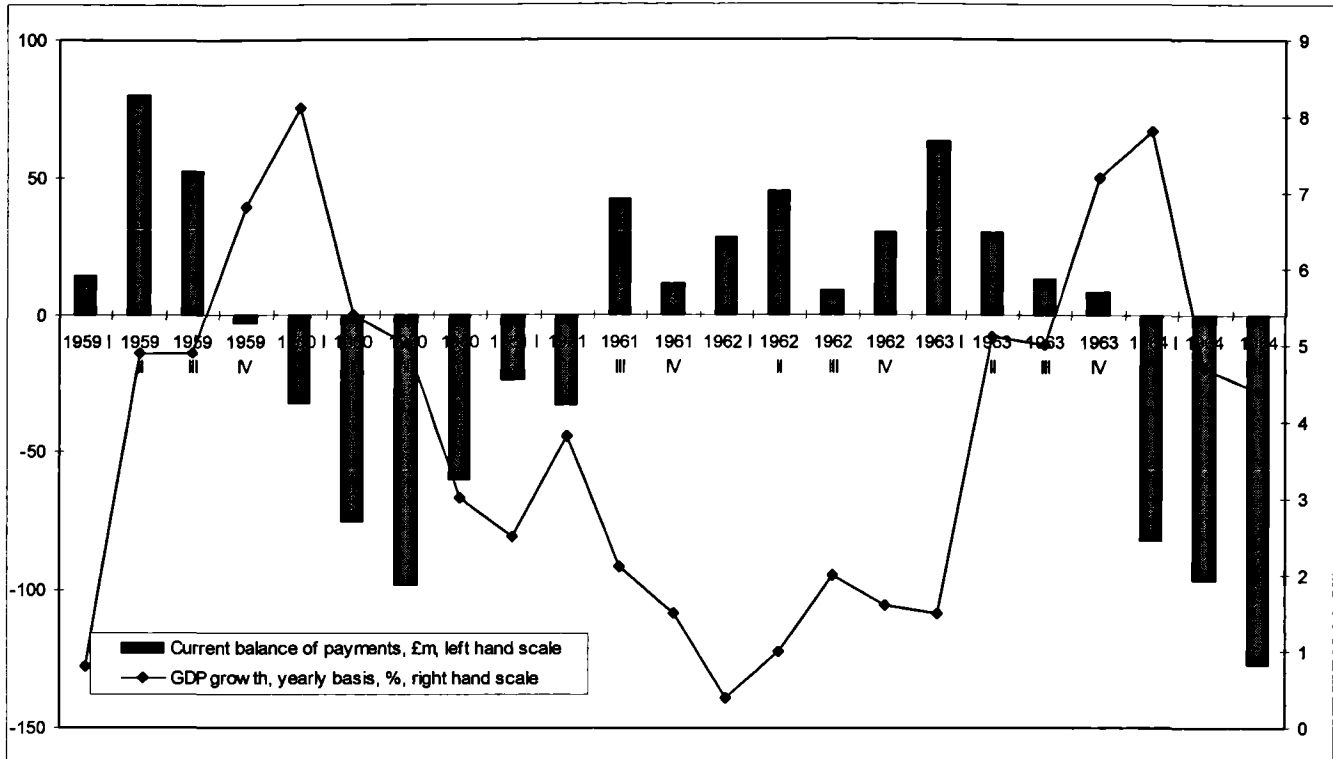
<sup>15</sup> PRO PREM 11/3291: Macmillan/ Selwyn Lloyd meeting, minutes, 14 June 1961, Selwyn Lloyd to Macmillan, 15 June 1961

<sup>16</sup> PRO CAB 129/106: Selwyn Lloyd memorandum to Cabinet, 'Surcharge on employers', 21 July 1961; PRO CAB 128/35: Cabinet minutes, 24 July 1961

<sup>17</sup> Macmillan diary, 30 November 1960: A. Horne, *Macmillan 1957-86* (Macmillan, London, 1989), vol. II, p. 246

<sup>18</sup> Macmillan to Heathcoat Amory, 27 February 1960: Horne, *Macmillan*, p. 238

Charts II.1, II.2. Economic indicators 1959-64 (contemporary non-revised data)



Sources: UK balance of payments, AAS, Economic trends (various)

Table II.1. Macro-economic management, 1959-64

	<i>Bank rate</i>	<i>Notable Budgetary/ fiscal changes</i>	<i>Other measures</i>
1960	Jan. – from 4.5% to 5% June – to 6% Oct. – to 5.5% Dec. – to 5%	Profits tax, tobacco duty increases Net tax rise of £774m	April – 1% Special Deposit call from the Banks (0.5% in Scotland) Re-imposition of Hire Purchase controls June- increase in Special Deposits to 2%
1961	July – 7% Oct. – 6.5%	Earned incomes relief for surtax payers, 'economic regulators' announced but not used in April Budget. Net tax rise of £65m	July – increase in Special Deposits to 3%. Use of 10% Customs Regulator. Six month delay in selected public capital projects.
1962	Jan. – 5.5% Feb. – 5% April – 4.5%	'Neutral' Budget with rises in confectionary taxes. Net tax reduction of £144m	May – reduction of Special Deposits down to 2%. October - £60m short-term increase in public expenditure, £10m 'winter works' announced November – Car purchase tax reduced, machine and building investment allowances increased November – Special Deposits reduced to zero
1963	Jan. – 4%	Abolition of Schedule A Income Tax on home owners, Income Tax allowances raised, Stamp and Estates Duty lowered. Net tax reduction of £546m	
1964	Feb. – 5%	Drink, tobacco and TV contract tax rises. Net tax increase of £110m	

Sources: R.F. Bretherton, *Demand management 1958-64* (ICBH, London, 1999), pp. 13, 19-22, 28-9, 31, 34-5, 41, 44-5; Brittan, *Steering*, p. 158; Blackaby, *Policy*, pp. 22, 156-7, 226

The French example was highly influential in Whitehall, as well as among popular economics writers. A conference on the French plan, organised by the National Institute after an initiative from the British officials at OEEC, and attended by French planning officials as well as representatives of the Federation of British Industries, helped to spread these ideas.<sup>19</sup> Treasury visits to the Commissariat du Plan in September and October 1961, on the latter occasion accompanied by members of the Economic Planning Board from both sides of industry, reinforced this impression.

<sup>19</sup> PEP, 'Economic planning in France', *Planning* 27, 454 (August 1961), pp. 208, 211-13; J. Leruez, *Economic planning and politics in Britain* (Martin Robertson, London, 1975), pp. 87-8

Officials remained deeply sceptical about the degree of co-operation in French industry, which would run contrary to anti-monopoly policy in Britain, and emphasised the fact that the Commissariat had no executive powers, rather acting as 'an instrument to concert the collective action of all concerned'.<sup>20</sup> However, it was at least conceded that 'the French experience should give us a much clearer appreciation of the need to establish a more effective relationship between Government and industry, to provide the 'community of outlook and mutual sympathy'...'.<sup>21</sup>

Ministers and officials also took the Soviet challenge seriously. Conservative politicians, along with most observers in the early 1960s, felt the 'very formidable Soviet challenge' acutely, since 'the rate of Soviet scientific and technological challenge is almost certainly much faster than that in the West'.<sup>22</sup> Although the Economic Section was too cautious to accept Soviet statistics at face value, their surveys of the USSR's 1958 Seven Year Plan conceded that, with a surplus of cheap labour, and apparently very fast increases in productivity, it would be 'unwise to denigrate' the Soviet Union's prospects.<sup>23</sup> These papers were called up again in 1961, when the Foreign Office noted that the USSR was no where near meeting its targets, though it had still registered a 20% increase in industrial production in under 3 years.<sup>24</sup> Throughout this period, a faster rate of economic growth appeared a vital and 'indispensable defence against the Soviet threat'.<sup>25</sup>

---

<sup>20</sup> PRO T 325/72: 'Economic planning in France, discussion at the Commissariat du Plan, Paris', 22 September 1961, Clarke memorandum, 'Planning: the lessons of French experience', 2 November 1961; PRO CAB 134/1817: Economic Planning Board, minutes, 6 November 1961

<sup>21</sup> PRO T 325/72: Clarke note, 'French and British economic planning', May 1961

<sup>22</sup> A. Jones, 'The Soviet Challenge', in Conservative Political Centre, *Science and Society: Eight Oxford Lectures* (CPC, London, no. 240), p. 32

<sup>23</sup> PRO CAB 134/1813: Secretaries' memorandum to EPB, 'The Soviet seven year-plan', 28 February 1959, Economic planning board minutes, 6 July 1959

<sup>24</sup> PRO CAB 129/106: Home memorandum to Cabinet, 'The third programme of the Communist Party of the Soviet Union', 18 September 1961

<sup>25</sup> PRO T 325/64: Clarke to Armstrong, Fraser, Padmore, 'The position of the UK in world affairs', 5 August 1958

'Planning' might also help create the image of a modern, up-to-date Party that was also becoming socially more tolerant, with liberal changes to gambling laws, penal practice, and the regulation of sexual morality.<sup>26</sup> It was with such policies that Macmillan, in his words, hoped to 'do something about [the] technical and scientific classes'.<sup>27</sup> 'Progressive' Conservatism would therefore make economic growth, and the wider opportunities that went with it, its overriding objective. The Government had hitherto been lucky, in that Sterling Area reserves became less liquid, and therefore less susceptible to destabilising short-term movement, during the 1950s. The level of foreign holdings of Sterling, which might expose Britain to a loss of confidence on the part of foreign governments, also fell during the 1950s.<sup>28</sup> Macmillan was keen that the Government stimulate faster growth, even though this effect would probably not last: he therefore ordered preparations for a possible balance of payments crisis, should the growth experiment run into such constraints. Influenced in this as in so much else by his correspondent Roy Harrod, he insisted on the preparation of contingency plans for import quotas and surcharges, against the advice of both the Treasury and BOT.<sup>29</sup>

In pursuit of the 'growth objective', twin policy committees, one of Conservative politicians, and the other of civil servants, were set up in 1961. The first, headed by Paul Chambers, Chairman of ICI, was set up by Butler to look into the 'problem of economic growth', including the 'limitations of the techniques' so far

<sup>26</sup> M.C. Jarvis, 'The Conservative party and the adaptation to modernity, c.1957-c.1964', London University Ph.D. thesis (1998), 1998, pp. 10-11, 23, 45-7

<sup>27</sup> CPA CRD 2/52/9: Chairman's Committee, rough minutes, 4 February, 1963

<sup>28</sup> C. Schenk, *Britain and the sterling area: from devaluation to convertibility in the 1950s* (Routledge, London, 1994), pp. 22-5, 28-9, tables 2.4-2.5, p. 30, pp. 129-30; though for the continued weakness in Britain's exchange position, S. Strange, *Sterling and British policy: a political study of an international currency in decline* (OUP, Oxford, 1971), *passim*, esp. table 3.I, pp. 78-9, p. 300

<sup>29</sup> PRO PREM 11/2962: Harrod to Macmillan, 2 March 1960; PRO PREM 11/4209: Macmillan to Maudling, 'Import control', 4 March 1963; PRO T 312/650: Rickett to Armstrong, 'Emergency measures to deal with balance of payments difficulties', 8 March 1963, Treasury/ BOT meeting, minutes, 15 March 1963; PRO T 312/650: Caincross to Armstrong, 4 February 1963, Goldman to Rickett, 22 February 1963; PRO T 312/651: Nowell to Goldman, 'Tariff surcharges, notes on possible systems', 9 April 1963

employed to deal with it.<sup>30</sup> However, the conclusions of this Committee, although focussed on growth, were very different to those of the radical economists urging the Government to 'plan'. Chambers blamed 'Over-full employment' for making the 'lazy and incompetent worker... secure in his livelihood'. Lower taxes and government expenditure, not planning, were seen as the answer.<sup>31</sup> If action was not taken on restrictive practices throughout industry, other members argued, planning on the French model would be 'worse than useless'. Rather than industrial consultation, a rise in unemployment to 2 per cent would help to right over-full employment; intervention might 'simply further soften conditions for the inefficient firms'.<sup>32</sup>

The final report of the committee was therefore sceptical about planning. However, it did admit that indicative encouragement on the French model might play a role, though partly in stabilising government expenditure in order 'to make room for growth without running into balance of payments difficulties'. The emphasis was still on eliminating 'lax financial and fiscal policies'.<sup>33</sup> An official inter-departmental Working Party on Economic Growth worked along similar lines, with many members regretting that full employment had been 'harmful to efficiency', especially as regional policy prevented re-allocation of labour.<sup>34</sup> The BOT opposed a definite 'growth target', fearing that this would 'be...regarded as a commitment', and would probably be set too high for political reasons.<sup>35</sup> Just like the Conservative inquiry, this Working Party emphasised supply-side reform, rather than direct action on the balance of payments or a growth objective.<sup>36</sup>

---

<sup>30</sup> CPA CRD 2/9/47: Butler to Chambers, 29 April 1961

<sup>31</sup> CPA CRD 2/9/47: Chambers notes, 21 June 1961

<sup>32</sup> CPA CRD 2/9/47: Policy Committee on Economic Growth, minutes, 3 July 1961, 14 July 1961, 26 July 1961

<sup>33</sup> CPA CRD 2/9/47: Policy Committee on Economic Growth Report, March 1962

<sup>34</sup> PRO T 230/523: Working Party on Economic Growth, minutes, 27 March 1961; PRO T 230/525: brief for members, 23 March 1961

<sup>35</sup> PRO T 230/523: Working Party on Economic Growth, minutes, 5 April 1961, 11 April 1961

<sup>36</sup> PRO T 230/525: Working Party on Economic Growth, draft Report, 27 April 1961; PRO T 230/586: 'Economic Growth and National Efficiency', July 1961



However, senior Conservatives concluded from the 1961-62 collapse in their popularity that they must have a 'progressive' and pro-growth mentality. Indeed, Macmillan himself argued that 'the state of the economy is what the people worry about most'.<sup>37</sup> This decade did indeed witness the peak of the correlation between economic success and political popularity, which saw the governing party's fortunes in the polls vary more in less in line with rises in unemployment and inflation.<sup>38</sup> The Conservatives were therefore well aware of the electoral effects of high unemployment; but they also understood the effect rising inflation might have on their 'target voters'. They had been the first British party to make use of the new techniques of opinion polling, advertising and television propaganda; they had taken on their first professional PR agency in 1948, filmed the first TV question and answer session for Ministers in 1951, and reformed their Research Department so that it became an all-purpose 'research and development' unit.<sup>39</sup> They began a monthly series of public opinion surveys in 1955.<sup>40</sup> Their figures included sophisticated analyses by region, voter class and age, and previous Party identification.<sup>41</sup>

In order to continue their electoral success, Conservative leaders knew they had to appeal to those whom Macleod called the '£500-1000p.a. men', which included most of the lower middle class, along with the wealthier C2s – the newly identified skilled working classes many sociologists and commentators argued were

---

<sup>37</sup> PRO PREM 11/4765: Macmillan circular to Ministers, 'Tasks ahead', 26 December 1962

<sup>38</sup> G. O'Hara, 'The political economies of British economic growth and planning 1959-64', M.Sc. thesis, Oxford University (1997), pp. 6-16; N. Ferguson & G. O'Hara, 'The myth of the feelgood factor', in N. Ferguson, *The cash nexus: money and power in the modern world* (Allen Lane, London, 2001), pp. 224-52

<sup>39</sup> M. Rosenbaum, *From soapbox to soundbite: party political campaigning in Britain since 1945* (Macmillan, London, 1997), p. 149; R. Cockett, 'The party, publicity, and the media', in Stuart Ball & Anthony Seldon (eds.), *Conservative century: the Conservative Party since 1900* (Oxford UP, Oxford, 1994), p. 565; J. Ramsden, *The making of Conservative Party policy: the Conservative Research Department since 1929* (Longman, London, 1979), p. 165

<sup>40</sup> CPA CCO 4/6/336: 'Monthly surveys of public opinion', 1955f

<sup>41</sup> CPA CRD 2/21/5: Gallup Polls and the General Election: Regional Analysis, 24 March 1959; CPA CCO 4/7/375: Summary of reports on public opinion, December 1957; CPA CRD 2/21/6: Michael Fraser memorandum to psephology group, 13 April 1960; CPA CRD 2/48/107: Geoffrey Lloyd to Fraser, 21 September 1964

turning away from Labour.<sup>42</sup> It was known that these voters were the most likely to defect to the Liberals, or to abstain: these were the people who lost the Conservatives by-elections such as Orpington, as they had Rochdale in 1958.<sup>43</sup> The Research Department was highly sceptical of what they condemned as 'determinist' theories, that postulated that such voters' conversion to middle-class conservatism was inevitable, and emphasised instead the ineptitude and division of the Labour Opposition.<sup>44</sup> The Party's Psephology Group concluded in 1960 that the Party had to continue appealing to this group – especially the crucial 'young marrieds' within it – if it was to overcome Labour's 'latent majority'.<sup>45</sup> These groups seemed equally hostile to economic management which increased inflation and unemployment.<sup>46</sup>

This meant that the Government would have to continue securing growth without inflation, to attract voters that were perceived as increasingly mobile and fickle in their electoral choices: even short periods of economic failure could threaten Conservative electoral hegemony. Short-term electoral choice in each region, Party polling revealed, could be affected by even small changes in the level of local unemployment.<sup>47</sup> Once again, Macmillan put the Government's dilemma most succinctly: 'What were now called the "Orpingtonians"... felt themselves crushed between the upper and nether millstones of power and influence... Without exercising too strict a control, we must somehow achieve simultaneously the maintenance of the balance of payments, a strong pound, steady prices and full employment'.<sup>48</sup> Otherwise, they faced electoral defeat.

<sup>42</sup> R. Shepherd, *Iain Macleod* (Pimlico, London, 1994), p. 99

<sup>43</sup> CPA CRD 2/21/5: NOP, 'Analysis of voting in the Rochdale by-election', 15 February 1958; CPA CRD 2/52/7: Maurice Macmillan to Fraser, 21 March 1962

<sup>44</sup> CPA CRD 2/21/6: Douglas memoranda to Psephology Group, 9 May 1960, 17 May 1960

<sup>45</sup> CPA CRD 2/52/8: Psephology Group, report to Party Chairman, 15 October 1960; CPA CRD 2/52/7: Dean, Sewill, White, Newton report, 'Young marrieds', 26 February 1962

<sup>46</sup> CPA CCO 4/7/375: Monthly summary, reports on public opinion, March 1956; R. Lamb, *The Macmillan years: the emerging truth* (John Murray, London, 1995), pp. 52-3

<sup>47</sup> CPA CCO 4/7/375: 'Monthly survey of public opinion', January 1959

<sup>48</sup> CPA CRD 2/52/8: Chairman's meeting, minutes, 17 July 1962

It was this political insecurity, above all, that prompted the turn to planning, for Ministers were determined to find a way of breaking the 'stop go' cycle, while posing as efficient, 'scientific', and above all *modern* exponents of the art of government. If as most believed 'a more austere policy would have been met with hostility, and would have led the Conservative Party to political disaster', they would have to search for a growth strategy which did not lead to widespread economic dislocation and high unemployment, and an efficiency agenda which did not threaten wages.<sup>49</sup> This could only conceivably be achieved through agreements with employers and trade unions, and it was indeed to this type of consultation that the Conservatives turned.

---

<sup>49</sup> CPA CRD 2/9/47: Chambers notes, 21 June 1961

*'Psychological value': a planning council for the nation?*

The planning machinery that remained from Labour's experiments – for instance the Economic Planning Board, which met only seven times in 1959 – had fallen into neglect by 1960.<sup>50</sup> This situation was not to last, as the Government cast around for some means to stabilise the growth in wages and prices. The initiative came first from the Ministry of Labour under Heath, who suggested to Cabinet in May 1960 that the Government might launch a 'review of the human and industrial problems for the next five years', including industrial relations law and 'the need for a steady expansion of our economy based on stable prices and increasing productivity'. From the beginning of their attempts at 'planning', therefore, the Government was preoccupied with relating wage rises more directly to productivity increases, and with restraining the general rise in incomes. Cabinet Ministers in favour of such an approach to industry wanted to 'ensure... that account was taken of the general economic situation in wage negotiation and arbitration'.<sup>51</sup>

This possibility was also in Macmillan's mind throughout later 1959 and 1960.<sup>52</sup> By the spring of 1960, the Government's Council on Pay, Productivity and Incomes had been moribund for a year or more. In Macmillan's eyes, believing his design for a tripartite wages agreement had been thwarted by the Sterling crisis and Cabinet divisions of 1957, the Government needed to find some other mechanism for controlling wage increases.<sup>53</sup> He therefore arranged for Alan Birch, the General Secretary of USDAW, the shopworkers' union, to meet with Selwyn Lloyd, the new Chancellor.<sup>54</sup> This meeting, which took place in September 1960, remained concerned

---

<sup>50</sup> PRO CAB 134/1813: EPB index, 1959

<sup>51</sup> PRO CAB 129/101: Heath memorandum to Cabinet, 'Talks with employers and trade unions', 22 May 1960;

PRO CAB 128/34: Cabinet minutes, 26 May 1960

<sup>52</sup> PRO PREM 11/2973: Harrod to Macmillan, 12 October 1959

<sup>53</sup> Middlemas, *Power, competition and the state*, vol. II, pp. 289, 290-1 on the 1957 creation of CPPI; Heathcoat Amory wanted to abolish CPPI in 1960, but was rebuffed by the Cabinet: PRO CAB 128/34: Cabinet minutes, 10 March 1960

<sup>54</sup> PRO PREM 11/3018: Heathcoat Amory to Macmillan, 2 June 1960, Birch to Macmillan, 14 June 1960, Tewson to Lloyd, 2 August 1960; PRO CAB 128/34: Cabinet minutes, 26 July 1960

only with general expressions of goodwill on both sides – though the TUC representatives revealed their own views when they argued ‘planning’ would achieve ‘a steady and constant rate of growth assured by a continuing prospect of high demand for increasing production’.<sup>55</sup> However, Macmillan remained enthusiastic for tripartite industrial consultation, believing that ‘if the Government and the employers and the Trade Unions... could agree upon a common objective both for home and overseas trade, it would be something to spur interest and enthusiasm’.<sup>56</sup>

Meanwhile, employers’ view of economic planning was undergoing rapid change. The ‘Next Five Years’ Conference of the Federation of British Industries, held in Brighton in November 1960, marked a fundamental re-evaluation of the role of government in industry. This was due to the conversion of a small group of industrialists, including the FBI’s Director General, Sir Norman Kipping, to the case for ‘indicative planning’ on the French model. The contribution of Study Group III – on economic growth – was especially important. This group, chaired by the enthusiastic ‘planner’ Sir Hugh Beaver, Managing Director of Guinness, highlighted the need ‘not [for] targets or plans but assessments of possibilities and expectations.... Government and industry together... might see whether it would be possible to agree on an assessment of expectations and intentions which should be before the country for the next five years’.<sup>57</sup>

In the wake of the Brighton Conference, Beaver set up a Committee on Economic Programmes and Targets to study these ideas further.<sup>58</sup> The Committee launched an industrial inquiry, calling on representatives of large companies – among them ICI, Unilever, Courtaulds and Cadbury’s – to discuss how they planned and forecasted ahead. The results of this consultation were disappointing for the ‘planners’: most of the industrialists called to give evidence attacked the level of

---

<sup>55</sup> PRO PREM 11/3018: Lloyd/ TUC meeting, minutes, 13 September 1960

<sup>56</sup> PRO PREM 11/3291: Macmillan to Selwyn Lloyd, 8 May 1961

<sup>57</sup> UWMRC MSS 200/D3/5/8: FBI guide, *The next five years*, November 1960, FBI, *The next five years: report to delegates on the conference*, 26 November 1960

<sup>58</sup> UWMRC MSS 200/F/1/1/218: Committee on economic programmes and targets (Beaver Committee), minutes, 20 January 1961

government spending, and emphasised the difficulties of planning.<sup>59</sup> Beaver had to struggle to re-gain control of his investigation, which he managed in May 1961 with a long discussion about 'directing the economy' on the basis of the co-ordination of strategic investment. All the same, even members of this Committee knew that it would be difficult to carry detailed proposals through the FBI's Grand Council.<sup>60</sup> Even the Beaver Committee saw TUC co-operation as a way of securing agreement to attack restrictive practices, rather than settle wages or production levels.<sup>61</sup>

FBI and TUC ideas began to coalesce in January and February 1961, with meetings of both the EPB and an 'interim' meeting of the National Production Advisory Council on Industry at which representatives from both bodies (but especially Beaver and Hugh Weeks, chairman of the FBI's Economic Committee) 'argued strongly for a "more positive" economic policy directed towards growth and against a largely negative policy of protecting the £'.<sup>62</sup> The obsession with growth was once more at the core of their discussions, with Weeks demanding a 'general conviction that the rate of Growth will be such that there is no risk that the acceptance of labour-saving changes will lead to unemployment'. 'Stop and go methods', so wearisome for Macmillan, were decried by most concerned – though Treasury officials, for instance its Permanent Secretary Sir Frank Lee, cautioned that 'simply to stimulate domestic demand was not a sure way to foster economic growth'.<sup>63</sup>

The TUC had been much more sceptical than the FBI about the idea of a planning council, with its Economic Office warning of the possible dangers to 'personal or organisational freedoms' if any tripartite body were given executive powers. 'The Labour Government had the advantage of starting off with a

---

<sup>59</sup> UWMRC MSS 200/F/1/1/218: *ibid*, 27 March, 19 April 1961

<sup>60</sup> UWMRC MSS 200/F/1/1/218: *ibid*, minutes, 26 May, 18 June 1961

<sup>61</sup> Ringe & Rollings, 'Responding to relative decline: the creation of the National Economic Development Council', *Economic history review* 53, 2 (2000), p. 337

<sup>62</sup> PRO BT 177/1243: Stafford memorandum on 20 February NPACI interim meeting, 21 February 1961; PRO CAB 134/1817: EPB minutes, 31 January 1961

<sup>63</sup> PRO CAB 134/1817: Weeks memorandum to EPB, 'Notes on growth', 22 February 1961, EPB, minutes, 27 February, 20 March 1961; PRO BT 177/1243: Barber to Selwyn Lloyd, 22 February 1961

considerable amount of acquiescence', the Office noted: before discussions took place, the Government would need 'to indicate with some precision how more definite Government intervention would work'.<sup>64</sup> Here the fact that the Conservatives' recent planning enthusiasm was clearly linked to wage restraint was vital, for the TUC concluded that a condition of their co-operation would be a government commitment to a higher rate of growth. The TUC's Economic Committee doubted that a Conservative Government would go as far as the TUC wanted.<sup>65</sup> This ambivalence was to be crucial in the negotiations that followed.

For their part, many Treasury officials remained dubious about a 'growth experiment': Peter Vinter, though conceding that the publication of forecasts might have some 'psychological value', told the Working Party on Economic Growth that 'discussions with industry were of limited value in helping the Government to influence the rate of growth, and those who advocated them, such as Mr Weeks, did not seem to have thought out the implications'.<sup>66</sup> The Treasury was certainly not universally hostile to the idea. Other officials, especially Richard 'Otto' Clarke, Third Secretary in charge of public expenditure, were more positive, arguing that in 'a really powerful tripartite body... we could seriously discuss the problems of economic growth, wage policy, price policy... commercial policy, training, etc. etc.'<sup>67</sup> However, both Vinter and Clarke shared a common assumption about what a national planning council would be for: accelerating growth through encouraging productivity and, ideally, wage restraint.

It was only as a counterpart to the deflation of 1961 that Selwyn Lloyd resolved to once more seek agreement on planning. Here again was the emphasis on an embryonic incomes policy, as Lloyd told the Cabinet when they faced the

---

<sup>64</sup> UWMRC MSS 292B/560.6/1: TUC Economic Committee paper, 'Economic planning', 11 January 1961

<sup>65</sup> UWMRC MSS 292B/560.1/1: TUC Economic Committee, minutes, 11 January 1961, TUC Economic Committee paper, 'Economic expansion and planning', 26 May 1961; Composite Motion 6, *Trade Union Congress report* (TUC, September 1961), p. 502

<sup>66</sup> PRO T 230/523: Working party on economic growth, minutes, 12 April 1961

<sup>67</sup> PRO T 325/72: Clarke memorandum, 'French and British economic planning', [May?] 1961, Vinter to Clarke, 'French and British economic planning', 30 May 1961

economic crisis of June - July 1961: 'in the long run we must try to link consideration of wages with the problem of economic growth'.<sup>68</sup> This was the context in which Lloyd announced the most famous 'stop' phase of the stop-go cycle, along with its attendant 'pay pause'.

Just in case the link between planning and the search for a break from the stop-go cycle had not been made clear enough, it was also at this point that the Cabinet agreed to abolish CPPI, in order to find some better way of negotiating national wages policy.<sup>69</sup> Although talks on replacement structures were difficult, as he told the Cabinet, at least the TUC had not rejected his proposals 'out of hand'.<sup>70</sup> He therefore proceeded to write to both sides of industry, putting forward his detailed plans for a 'National Economic Development Council', which would secure 'new and more effective procedures for the preparation and co-ordination of plans and forecasts for the main sectors of our economy'. This would be <sup>a</sup> two-tier body, with the TUC and employers equally represented on the 'top tier' Council, and an Office that would conduct research for the NEDC, which 'although under the aegis of Government, would not be part of the ordinary Government machinery'.<sup>71</sup>

Unfortunately for Lloyd's design, this was bitterly opposed in the Economic Policy Committee, not only by Peter Thorneycroft (whose opposition might have been expected), but by Maudling, Lord Mills and Charles Hill, all of whom feared 'the creation of a new monster which would embarrass us in the future'. The opponents of 'planning' wanted to take out all reference to a second tier, which they feared could become too independent-minded.<sup>72</sup> Though Lloyd re-drafted his proposal so that it emphasised the role of the Council, he and Macmillan resolved to push the proposal

---

<sup>68</sup> PRO CAB 129/105: Selwyn Lloyd memorandum to Cabinet, 'Economic situation', 29 June 1961; Middlemas, *Power*, II, pp. 321-3

<sup>69</sup> PRO CAB 128/35: Cabinet minutes, 30 July 1961

<sup>70</sup> PRO CAB 128/35: Cabinet minutes, 5 September 1961

<sup>71</sup> PRO T 230/681: Sir Frank Lee's group, draft letter to the FBI and TUC on planning, 5 September 1961, PRO CAB 134/1692: Secretaries' memorandum to EPC, 'Planning', 6 September 1961

<sup>72</sup> PRO PREM 11/4207: Selwyn Lloyd to Macmillan, 8 September 1961; PRO CAB 134/1689: EPC minutes, 7 September 1961



through the Cabinet. They drafted two proposals, in the name of the Prime Minister, to put to Cabinet, designed to display their opponents' ideas as 'yet another talking shop', and their own determination to 'fashion effective instruments'.<sup>73</sup> Even this, however, did not suffice to still the 'considerable doubts' held by the majority of the Cabinet.<sup>74</sup>

Maudling was an especially committed opponent of the idea, arguing that there was enough planning machinery in government as it was: 'do we really wish to have an independent body to undertake these functions?' he asked.<sup>75</sup> After this 'little tussle', in Macmillan's words, which stretched over two Cabinet meetings in September 1961, a draft finally emerged which emphasised that whatever NEDC debated, government would make the final decisions, as well as the subordinate role of the Office in simply conducting research on how NEDC's decisions were to be implemented.<sup>76</sup> What had been demonstrated, however, was the ideological and practical objections that many Conservative politicians believed were inherent in this enterprise; if it were to fail, Macmillan and Lloyd could be expected to pay a heavy political price.

Securing co-operation from industry and unions thus became vital. The FBI's response was mildly positive, though its President, Cyril Harrison, expressed some disappointment at the downgrading of NEDO.<sup>77</sup> The FBI secretly feared that the Office would be 'too much under the control of the Government'.<sup>78</sup> Beaver and

---

<sup>73</sup> PRO CAB 134/1692: Selwyn Lloyd memorandum to EPC, 'Economic planning', 8 September 1961; PRO

PREM 11/4207: Macmillan/ Lee and Bishop meeting, minutes, 14 September 1961

<sup>74</sup> PRO CAB 129/106: Macmillan memorandum to Cabinet, 'Economic planning', 15 September 1961; PRO CAB 128/35: Cabinet minutes, 19 September 1961

<sup>75</sup> PRO CAB 129/106: Maudling memorandum to Cabinet, 'Economic planning', 20 September 1961

<sup>76</sup> PRO CAB 128/35: Cabinet minutes, 21 September 1961; PRO PREM 11/4207: Macmillan to Selwyn Lloyd, 22 September 1961, Selwyn Lloyd to TUC, FBI, BEC, 23 September 1961

<sup>77</sup> UWMRC MSS 200/3/P7/9/1: Harrison to Selwyn Lloyd, 28 September 1961

<sup>78</sup> FBI meeting with BEC, ABCC, National Union of Manufacturers, 9 October 1961: S. Wood, 'Why "indicative planning" failed: British industry and the formation of the National Economic Development Council 1960-64', *TCBH* 11, 4 (2000), p. 445

Weeks had already had enough problems simply getting the FBI Economic Committee to agree to the principle of participation, and throughout these negotiations, individual doubts multiplied. Maurice Laing, for one, pointed out the danger of a Labour Government using NEDC 'to impose on the country a full "planned economy" which could include full scale Socialism'. He thought that planning might limit competition, and dismissed the French example as that of a country that did not have to worry about the value of its currency.<sup>79</sup>

The unions' response was even less forthcoming.<sup>80</sup> After the TUC's Economic Committee had met on 11 October, they made quite clear (through Cairncross, who had been delegated ~~to~~<sup>to</sup> ~~discuss~~ with them) that if they were to take part, NEDC would have to consider not only wage restraint, but also price and dividend control.<sup>81</sup> Lloyd reassured the Economic Committee, in a meeting on 25 October, that 'no subjects, including taxation, direct controls and personal incomes, would be barred from discussion by the Council'. He explicitly promised that NEDC would be able to discuss the distribution of personal incomes, as well as wage restraint. He also reassured them that NEDC would not simply be a 'rubber stamp' for the Government's own decisions.<sup>82</sup>

However, despite Lloyd also writing to them in conciliatory fashion in November, the TUC's General Council declined to accept the Economic Committee's recommendation that the TUC should join NEDC. The pay pause had destroyed the TUC's political ability to convince their more radical member unions of the advantages of planning: one member of the General Council summed up the TUC's feeling by saying 'the pay pause must go' before they would join NEDC. Others warned that, given the pay pause, 'the situation had gravely deteriorated' since the

---

<sup>79</sup> UWMRC MSS 200/F/3/P7/2/2: Laing to Harrison, 24 November 1961; Wood, 'Indicative planning', pp. 446-7

<sup>80</sup> See Ringe & Rollings, 'Decline', pp. 340-41

<sup>81</sup> UWMRC MSS 292B/567.22/1: TUC Economic Committee paper, 'The National Economic Development Council', 11 October 1961; UWMRC MSS 292B/560.1/1: TUC Economic Committee, minutes, 11 October 1961; PRO T 230/681: Cairncross to Lee, 11 October 1961

<sup>82</sup> UWMRC MSS 292B/567.22/1: TUC/ Selwyn Lloyd meeting, 'Economic planning', 25 October 1961; PRO T 230/681: Treasury meeting, 'Planning', minutes, 26 October 1961

original proposal was made, and another feared being 'hog tied by a Conservative Government'.<sup>83</sup> Macmillan attempted to placate them with a re-affirmation that the Government wanted to construct a long-term wage policy after the 'pause' had ended.<sup>84</sup> This only allowed those hostile to co-operation, especially Frank Cousins of the TGWU, to delay entry into NEDC until it was clear what the Government's policies were.<sup>85</sup>

Once again the Government manoeuvred to secure TUC co-operation, both Hare and Lloyd referring approvingly in the Commons to the Swedish and Dutch central wage bargaining systems, which included the consideration of the distribution of incomes, profits and dividends.<sup>86</sup> Even this did not persuade the TUC to enter NEDC, for when the Economic Committee met Lloyd again in January 1962 they told him they 'hated' the pay pause, and would only agree to talks once it was clear that the pause was ending.<sup>87</sup> It was at this stage that Lloyd made two crucial changes to his incomes policy: the first was to reveal to the TUC that his long-term plan was to relate incomes to productivity, which held out at least the possibility that if a higher productivity gains and faster economic growth could be attained through 'planning', wages could rise quickly too. The second pledge was that if profits and dividends were shown to rise unduly because of the operation of an incomes policy, then the Government 'would not hesitate' to correct this.<sup>88</sup> It was only after this pledge was given – and partly because the TUC did not relish the public opprobrium that might

---

<sup>83</sup> UWMRC MSS 292B/20/2: TUC General Council, minutes, 22 November 1961; Leruez, *Politics*, p. 95

<sup>84</sup> Macmillan, *At the end of the day, 1961-1963* (Macmillan, London, 1973), p. 47

<sup>85</sup> PRO CAB 128/35: Cabinet minutes, 23 November 1961

<sup>86</sup> *House of Commons debates*, vol. 651, cols. 980, 1072: Selwyn Lloyd, Hare speeches, Supply Day debate, incomes and productivity, 18 December 1961

<sup>87</sup> PRO T 298/215: Selwyn Lloyd/ TUC Economic Committee meeting, minutes, 5 January 1962; PRO CAB 128/36: Cabinet minutes, 8 January 1962

<sup>88</sup> PRO PREM 11/4069: Selwyn Lloyd to TUC Economic Committee, 10 January 1961. The TUC had just delayed a decision on whether to join NEDC again: UWMRC MSS 292B/110.44/1: TUC Economic Committee paper, 'Wages restraint and a national incomes policy', 10 January 1962; UWMRC MSS 292B/567.22/1: TUC Economic Committee, minutes, 10 January 1962

attach to a refusal to serve 'the national interest' – that the General Council voted 21 to 8 to join NEDC.<sup>89</sup>

In fact, the 'partners' always had conflicting ambitions. As Clarke had noted before NEDC even met, 'there is a great gulf between the FBI position... and that of the Cabinet'. Furthermore, he had told his colleagues, 'It is most unlikely that the TUC want "planning" in the FBI sense - or indeed anything more than an opportunity to get closer consultation with, and pressure on, the Government'.<sup>90</sup> The overriding priority of the TUC was wages; and they believed that there was 'no evidence' for the Chancellor's argument that high wage costs were reducing British productivity. They preferred to place their hopes in boosting exports through stimulating growth and reducing unit costs.<sup>91</sup> They made their bitter opposition to Lloyd's pay policy clear even as they agreed to join NEDC, and in private they saw participation as 'an instrument for modifying the Government's economic policies'.<sup>92</sup>

Nor did the Government's 'pay norm', announced in February 1962 and set at 2.5% per annum, or its setting up of a National Incomes Commission to take references on special cases and advise on how better to relate wages to productivity, prove a basis for agreement.<sup>93</sup> The Economic Committee adopted a policy of refusing to comment on government proposals, so as not to lend them legitimacy; the 1962 Congress passed a motion calling for 'the immediate reversal of all the Government's policies'.<sup>94</sup> A 'package deal', under which the Government would set up an

---

<sup>89</sup> UWMRC MSS 292B/20/2: TUC General Council, minutes, 24 January 1962; A. Ringe, 'Background to Neddy: economic planning in the 1960s', *TCBH* 12, 1 (1998), pp. 88-9

<sup>90</sup> PRO T 230/681: Clarke to Trend, Cairncross, Vinter, 2 October 1961

<sup>91</sup> UWMRC MSS 292B/567.22/1: TUC Economic Committee paper, 'The Government's economic policy', 17 January 1962

<sup>92</sup> PRO PREM 11/4207: TUC General Council to Selwyn Lloyd, 24 January 1962; UWMRC MSS 292B/567.22/1: TUC Economic Committee paper, 14 February 1962

<sup>93</sup> Cmnd. 1626, *Incomes policy: the next step* (February 1962), pp. 4-5; PRO LAB 10/1731: Macmillan speech at Luton Hoo, 23 June 1962; Cmnd. 1844, *National incomes commission* (November 1962), *passim*

<sup>94</sup> UWMRC MSS 292B/560.1/3: TUC Economic Committee minutes, 14 February 1962; Motions passed, composite motion 6: *TUC Congress Report 1962* (TUC, London, 1962), pp. 484-5

investigating authority on profits and prices to help mollify TUC objections to controls on wages, was frustrated by the complexity of the subject itself, and implacable opposition from BOT and its Permanent Secretary, Richard Wilson, who wanted to see the Monopolies Commission strengthened instead.<sup>95</sup>

The last attempt to conclude such a deal, in the winter of 1963-64, also failed, with the management members of NEDC concluding that they could never secure agreement to such an agreement within the FBI's Grand Council.<sup>96</sup> The TUC put the onus on government, refusing to put forward its own ideas, and when NEDC turned to details in December 1963 both sides of industry attacked the Government for having no long-time ideas on manpower and efficiency, and conceding a series of above-  
• 'norm' wage settlements in the public sector.<sup>97</sup> NEDC's members were already looking to a General Election, and reserving their positions until they could be sure who they would be bargaining with in the future: though the Cabinet decided to announce a National Conference on prices, productivity on incomes to try to force an agreement, this was put off until during the election given the opposition of (among others) Heath and Deedes, worried that this would seem an empty and desperate gesture.<sup>98</sup> But in fact, the divisions about what planning was *for* bedevilled the whole experiment from the start, and were not due to short-term political considerations, but rather to that more fundamental disagreement.<sup>99</sup>

---

<sup>95</sup> PRO CAB 130/186: Erroll memorandum to GEN 766, 'Efficiency and economic growth', 5 June 1962; PRO T 298/226: ES memorandum to Permanent Secretaries' Group on Incomes and Prices, 'A price investigation authority', 6 June 1962; Permanent Secretaries' Group, minutes, 17 May, 15 June 1962; PRO PREM 11/5205: Macmillan to Maudling, 'Incomes policy', 6 March 1963

<sup>96</sup> UWMRC MSS 200/D3/5/20: NEDC management members meeting, minutes, 8 January 1964

<sup>97</sup> TUC, *Economic development and planning* (September 1963, TUC library HC 256), pp. 12-13; PRO FG/14: NEDC minutes, 4 December 1963

<sup>98</sup> PRO PREM 11/5205: Boyd-Carpenter to Douglas-Home, 'Initiative on incomes policy', 1 September 1964; PRO CAB 129/118: Boyd-Carpenter memorandum to Cabinet, 'A new initiative on incomes policy', 7 September 1964; PRO CAB 128/38: Cabinet minutes, 10 September 1964

<sup>99</sup> Wood, 'Indicative planning', p. 434; Ringe & Rollings, 'Decline', pp. 333, 348-49

*'Ambitious figure': a plan for industry?*

Having at least secured agreement to the formation of a planning organisation, there was, to begin with, considerable confusion as to what NEDC was *for*. While considering different ideas about this in August 1961, Cairncross spelt out the dilemmas: 'I am not very clear what is to be done by either of the new bodies', he wrote. How independent were they to be? What status would their recommendations have? Would Ministers have to respond to its criticisms, and would they have to change policy if they were criticised? None of these questions were ever adequately resolved.<sup>100</sup> Given their disagreements about macroeconomic policy, in fact the participants turned to the solvent of growth to bind their disparate ideas together. The Council adopted the FBI's 1961 strategy, that is, an industrial inquiry, this time aimed at discovering how large industries might cope with a 4% growth rate.

This target was embodied in the so-called 'green book', *The growth of the UK economy to 1966*, published in February 1963.<sup>101</sup> However, the intellectual foundations of this document were tenuous at best. NEDO had asked seventeen industries, covering two-fifths of national employment, two-fifths of visible exports and nearly half of all total fixed investment, whether they could grow at 4% per annum, and if so, the conditions this would require.<sup>102</sup> Although choosing large industries meant that NEDC was dealing directly with industries that *could* plan ahead, this rather begged the question of whether smaller concerns would be able to keep up. The document contained a number of assumptions about the future: that the terms of trade would not change, that world growth would not slow, and that Britain would enter the EEC.<sup>103</sup> Furthermore, these industries were being asked to speculate

<sup>100</sup> PRO T 230/681: Cairncross to Lee, 31 August 1961

<sup>101</sup> Shanks, *Planning and politics: the British experience, 1960-1976* (PEP, London, 1977), p. 25; Leruez, *Politics*, p. 104; F. Catherwood, 'NEDC: a view from industry', *TCBH* 12, 1 (1998), pp. 78-9

<sup>102</sup> NEDC, *Growth of the United Kingdom economy to 1966* (HMSO, 1963), p. 1. The inquiry covered coal, gas, electricity, the Post Office, agriculture, chemicals, sugar and chocolate, building, civil engineering, heavy electrical machinery, electronics, iron and steel, machine tools, motor vehicles, paper and board, petrol, wool textiles, and the distributive trades.

<sup>103</sup> *Ibid*, pp. 51-3



about what *might* be achieved, given favourable conditions. Again, this was begging the question: no-one could guarantee, for instance, an adequate supply of skilled labour, or investment in energy or transport, for instance.<sup>104</sup>

The task of explaining how these conditions would be created fell to the 'orange book', *Conditions favourable to faster growth*. Growth in wage incomes would have to slow, from the recent 5-6% increases per annum to something much closer to the projected 3.25% per annum increase in productivity. If a balance of payments crisis threatened to de-stabilise the initial growth phase, government might have to consider import controls, short-term support of Sterling from the world financial community, or tax rebates for exporters. But, although various ways of increasing industrial productivity were discussed in the document, no mechanisms for abating the growth of wages were even mentioned.<sup>105</sup> Given these conditions, it was felt that most of the seventeen surveyed industries could keep up with 4% p.a. growth – though there was some doubt in the mind of Sir Robert Shone, NEDO's first Director General, about whether electricity generation and chemical production could build enough plant in time to keep up. Nevertheless, Maudling was obliged to concur with the target as an 'ambitious figure but not an impossible one'.<sup>106</sup> Having invested so much political capital in NEDC, the Government had very little choice.

It was not just 'growthmanship' which caused the target to be so easily adopted: in fact, economic growth was just about all the NEDC parties agreed to, in their 'mutual vagueness'.<sup>107</sup> The TUC's ambivalence over incomes policy was clear. The FBI's position was more subtle, but there was certainly a widespread fear both of revealing sensitive industrial information to possible competitors, and unions who might use the information to demand higher wages.<sup>108</sup> Many civil servants continued to be deeply sceptical, especially Lee, who had always doubted the whole project. In a

---

<sup>104</sup> The FBI was well aware of these shortcomings: Wood, 'Indicative planning', p. 450

<sup>105</sup> NEDC, *Conditions favourable to faster growth* (HMSO, 1963), pp. 10-12, 24-5, 31-3, 45, 47

<sup>106</sup> PRO FG 1/4: Shone memorandum to NEDC, 'Conditions favourable to faster growth', 11 January 1963

<sup>107</sup> ACD, 11 December 1963: Cairncross, *The diaries of Sir Alec Cairncross: the Radcliffe Committee and Economic Advisor to HMG* (ICBH, London, 1999), pp. 76-7

<sup>108</sup> Wood, 'Indicative planning', pp. 450-1

long paper submitted in June 1962, he argued that there was 'no reason' to believe that NEDC could answer the question as to how the growth target was to be achieved. Furthermore, he argued that 'there are great dangers in becoming committed to expectations of growth or targets for growth without appreciation of the magnitude of the task or of the radical changes of Government policy which would be involved'.<sup>109</sup>

These divergent interests were reflected in the work of the Council. Increasingly it became, not a locus for decision, but for discussion. Although a number of topics directly relevant to British competitiveness and growth were considered – science policy, the supply of skilled manpower, exports, taxation – actual policies were made elsewhere. The first half of 1963 was spent deciding how far to extend the seventeen-industry survey, and monitoring the progress of those industries they had already studied.<sup>110</sup> Only in October 1963 did Maudling propose the creation of Economic Development Councils that could actually pilot changes in separate industries. Even so, these would only be established where there was full agreement to do so: and all reference to the 'implementation' of Council decisions was effaced from Maudling's draft, in order to guarantee EDCs' voluntary nature.<sup>111</sup> EDCs were now only to 'to collect information about and to assess the prospects of their industry', and 'consider matters relevant to the efficiency of the industry'.<sup>112</sup> The development also came too late to have much effect on Conservative policy-making, for only ten EDCs had been established by the time of the General Election in October 1964.<sup>113</sup>

---

<sup>109</sup> PRO CAB 134/1696: Selwyn Lloyd memorandum to EPC, 'Economic growth', 28 June 1962. Lee loyally did his best to make NEDC work; Hennessy, *Whitehall*, p. 180

<sup>110</sup> PRO FG 1/4: Shone memorandum to NEDC, 'Future Council business', 24 March 1963, memorandum to NEDC, 'Future industrial work', 24 April 1963; NEDC minutes, 1 May 1963

<sup>111</sup> PRO FG 1/5: Maudling memorandum to NEDC, 'Economic Development Committees', 8 October 1963; PRO FG 1/4: NEDC minutes, 16 October 1963

<sup>112</sup> PRO FG 1/5: Maudling memorandum to NEDC, 'Economic Development Committees', 22 November 1963

<sup>113</sup> UWMRC MSS 292B/560.1/8: TUC Economic Committee papers, 'NEDC: Economic Development Committees', 13 May 1964, 10 June 1964



Almost as soon as the 'plan' had been issued it was clear that it would be very difficult to meet any of the targets. As Shone told NEDC in January 1963, the 5% p.a. increase in exports was imperilled by Britain's ongoing export problems, which in 1962 had increased not by the planned 5%, but by 2-3%.<sup>114</sup> By March 1964 most members of NEDC realised that the economy was growing too quickly, as the level of imports climbed: indeed, it was outstripping their own growth targets, and would have to be reined back.<sup>115</sup> Nor did NEDC have any economic models for working out industry-by-industry export targets, even if macro-economic policy could in some way allow an increase in exports.<sup>116</sup> In fact, it was dawning on most involved that the 'Maudling boom' was another classic credit expansion, since as Shone reported, 'There is not yet any clear evidence that the rates of growth of production and productivity postulated in the current programme are being achieved'.<sup>117</sup> Given the worsening external situation, and the situation of only partly revealed hostility and rancour on NEDC, the 'new approach' had failed. NEDC had become simply another high-level consultative committee, with no power to direct events.

---

<sup>114</sup> PRO FG1/4: NEDC minutes, 24 January 1963

<sup>115</sup> PRO FG 1/6: *ibid*, 4 March 1964

<sup>116</sup> PRO FG 1/7: Shone memorandum to NEDC, 'Progress report', 28 April 1964

<sup>117</sup> PRO FG 1/7: Shone memorandum to NEDC, 'The next growth programme', 19 June 1964; PRO FG 1/6: NEDC minutes, 1 July 1964

*'As simple as it is difficult': a plan for public expenditure.*<sup>118</sup>

As *charts II.3-II.4* show, the British state had grown beyond all recognition since 1914. The pressures of total war, latterly joined by increased pressure for social expenditure, had combined to increase the total amount of government spending in relation to GNP. The numbers employed by the state also rose sharply, mainly due to Labour's post-War nationalisation programme.<sup>119</sup> The result of this expansion was that even slight policy changes by central government could have very large effects on the economy. However, the structure of central government had not kept up with these changes. Year-by-year budgeting, with the Treasury totalling up 2,000 sub-headings of spending at the end of the financial year, had left little place for considering the total burden of public expenditure on the economy, its implication for taxes, or relative priorities both between and within departments.<sup>120</sup>

Concern that government might not be able to handle efficiently this level of spending grew in the late 1950s, culminating in a Report from the House of Commons Select Committee on Estimates that registered 'disquiet' about this subject. 'The Treasury are in danger of falling between two stools', the Committee argued: 'The old theory of "candle ends" economy has not wholly been abandoned... [but] Departmental responsibility and partnership may not have been whole-heartedly accepted'. The Committee recommended many more forecasts of long-term need, so that spending could be judged in relation to economic and social requirements, not just balanced in reaction to short-term fluctuations in tax revenues.<sup>121</sup>

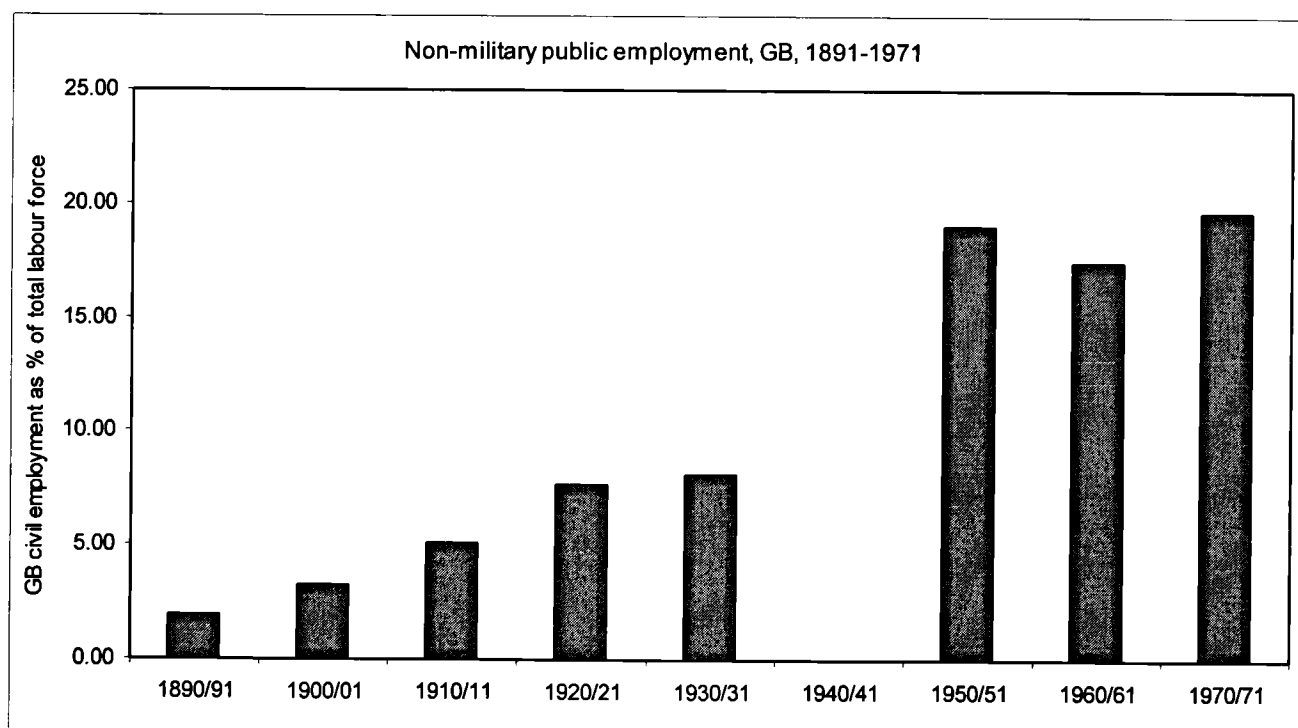
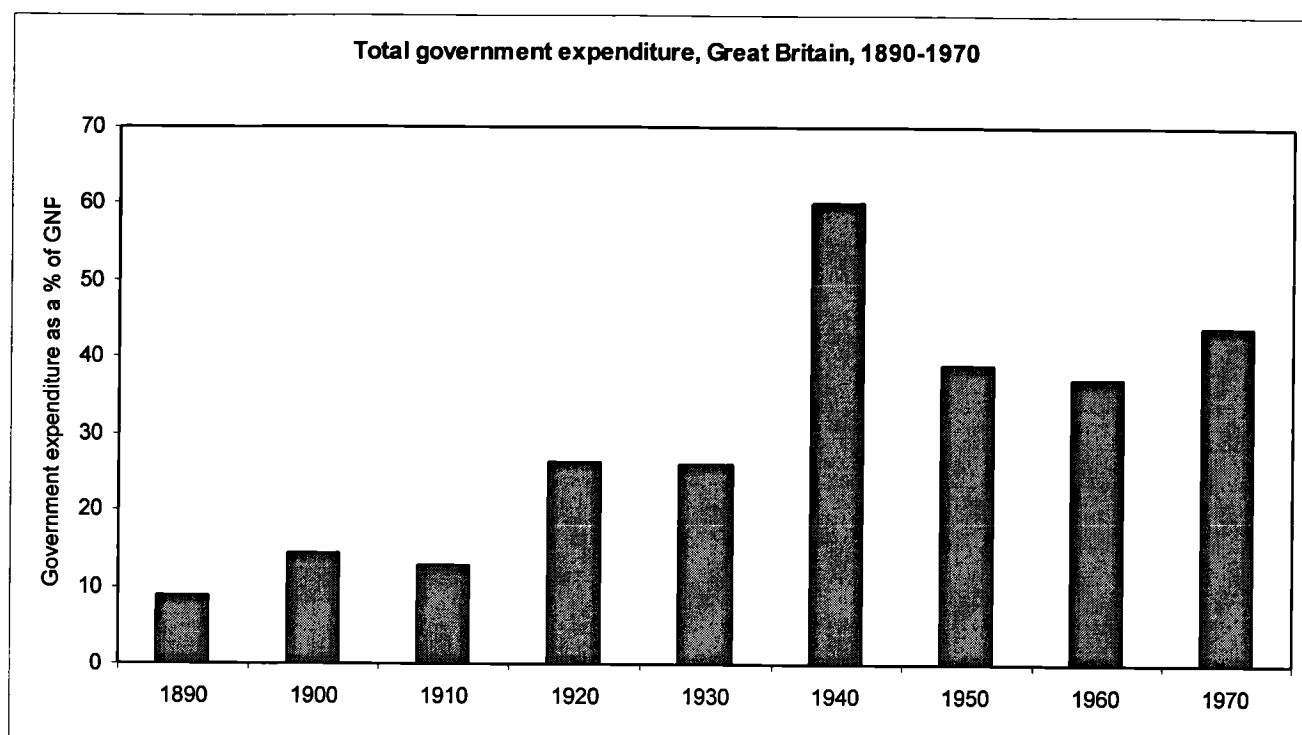
<sup>118</sup> PRO PREM 11/3757: Butler to Macmillan, 14 February 1962

<sup>119</sup> R. Middleton, 'The size and scope of the public sector', in S.J.D. Green & R.C. Whiting (eds.), *The boundaries of the state in modern Britain* (CUP, Cambridge, 1996), fig. 6.1, p. 91, fig. 6.2, p. 93; B.W. Hogwood, *Trends in British public policy* (Open University Press, Buckingham, 1992), figs. 2.1-2.2, p. 39, figs. 6.1-6.3, pp. 129-31; R. Rose, 'The significance of public employment', in *idem et al* (eds.), *Public employment in western nations* (CUP, Cambridge, 1985), tables 1.2-1.6, pp. 9, 11, 16-17

<sup>120</sup> R. Clarke, *Public expenditure, management and control* (Macmillan, London, 1978), pp. 2-5

<sup>121</sup> *Sixth report of the House of Commons select committee on estimates*, 1958, xxxvi-xxxvii, xi-xiii: Committee Report, 23 July 1958; R. Lowe, 'Millstone or milestone? The 1959-61 Plowden committee and its impact on British welfare policy', *Historical Journal* 40, 2 (1997), p. 469

Charts II.3, II.4. Public sector expenditure and employment, GB, 1891-1971



Sources: R. Parry, 'Britain: stable aggregates, changing composition', in R. Rose *et al* (eds.), *Public employment*, tables 2.1, 2.3, pp. 57, 59; A.T. Peacock & J. Wiseman, *The growth of public expenditure in the United Kingdom* (London, 1967), appendix table A-6, p. 166; R. Middleton, *Government versus the market* (Edward Elgar, London, 1996), table 3.6, p. 98; British labour statistics historical abstract 1886-1968 (HMSO, London, 1971), table 109, pp. 206-7; *British labour statistics* (1973), table 54, p. 118

It was in the light of this Report that the Chancellor, Derrick Heathcoat Amory, proposed to set up an investigation into how government worked out its expenditure priorities.<sup>122</sup> In this manner the Treasury intended to keep control of the reform process, rather than have change imposed from outside: and indeed, the final Report owed much to the input of its official members, such as the Chief Economic Advisor Sir Robert Hall, Dame Evelyn Sharp from MHLG, and Clarke. In fact Clarke, a long-time advocate of more forward planning (though throughout he protested that he would not 'necessarily cast myself in the role of stout Cortes'), was the guiding mind behind the whole exercise.<sup>123</sup> Hall, for one, became 'suspicious of the whole affair' because Clarke proceeded to write 'all the papers as if no one had ever thought of reviews of investment or expenditure before his time'.<sup>124</sup> Although Lord Plowden, Chairman of the Atomic Energy Authority, was asked to be the Chairman of the Inquiry, the exercise remained a Treasury affair.

This became even clearer when the Plowden Committee began to report in summer 1960. The second interim report, on public expenditure decisions, declared that 'the first and central problem... is to bring the growth of public expenditure under greater control and to contain it within such limits as the Government may think desirable'. Although the Report did not make any recommendations about what those limits should be, it did recommend a much greater degree of central direction for public expenditure decisions, perhaps under a small Cabinet Committee chaired by the Chancellor. It also took the opportunity to deprecate short-term reflationary spending in the language of the time, disapproving of the 'indirect losses of "stop and go"...' and recommending a 'smoother' spending path.<sup>125</sup> Selwyn Lloyd approvingly circulated this Report to the Cabinet.<sup>126</sup> It eventually formed Part I of the published

---

<sup>122</sup> Heathcoat Amory memoranda to Cabinet, 16 March, 20 April 1959: Lowe, 'Millstone', pp. 469-70

<sup>123</sup> CCAC CLRK 1/3/1/2: Clarke to Padmore, 8 November 1960

<sup>124</sup> Hall diary, 31 May 1960: Cairncross (ed.), *The Robert Hall diaries 1954-61* (Unwin Hyman, London, 1991), pp. 235-6; Hennessy, *Whitehall*, p. 179; Lowe, 'Millstone', p. 475; ; L. Pliatzky, *Getting and spending: public expenditure, employment and inflation* (rev. edn., Basil Blackwell, Oxford, 1984), pp. 42-4

<sup>125</sup> PRO T 325/81: Committee on the Control of Public Expenditure, Second Interim Report, 3 June 1960

<sup>126</sup> PRO CAB 129/104: Selwyn Lloyd memorandum to Cabinet, 'Second report of the Plowden Committee on the control of government expenditure', 22 March 1961

Report, also recommended management reform in government, increased Parliamentary accountability, and new forms for the presentation of Estimates.<sup>127</sup>

Part I was issued as a White Paper in July 1961, shorn of the explicit recommendation for a Public Expenditure Committee under the Chancellor but still urging 'improvement in the arrangements to enable Ministers to discharge their collective responsibility for the oversight of public expenditure as a whole' The main thrust of the Report, that 'regular surveys should be made of public expenditure as a whole, over a period of years ahead, and in relation to prospective resources', remained intact.<sup>128</sup> 'Plowden' gained a generally appreciative and positive response from Whitehall's major spending departments, with most of them hastening to stress their commitment to forward planning.<sup>129</sup> Significantly, however, Mary Smieton, Permanent Secretary at the Ministry of Education, had already made quite clear that under such a system departments would fight all the harder to resist budget adjustments for the purpose of short-term economic management: The corollary... is that the absence of forward commitment... is also uneconomical'.<sup>130</sup>

Long-term stability was exactly the situation that the Treasury desired: as Heathcoat Amory put it, 'over most of the field we have to take pretty firm decisions as far ahead as possible and stick to them, without chopping and changing to meet transient changes in the direction of the economic wind'.<sup>131</sup> It was not simply *economy* that the Treasury wanted to promote, but *efficiency*. As Clarke put it, 'our failure to apply economic and financial ideas to social service problems is highly expensive for the Exchequer'. Clarke wanted to develop *economic* questions about spending. For instance, he wanted to know the true extent of the claimed savings if elderly patients were moved from long-stay wards to new old people's homes, and the

---

<sup>127</sup> e.g. PRO T 325/81: Committee on Control of Public Expenditure, Eighth report, 'Establishments Control and Management Services', June 1961

<sup>128</sup> Cmnd 1432, *Control of public expenditure* (HMSO, London, July 1961), pp. 6-7, 12

<sup>129</sup> PRO T 298/115: Hare, Watkinson, Hill to Selwyn Lloyd, 31 August, 5 September, 26 September 1961

<sup>130</sup> PRO T 291/73: Smieton to Plowden, 26 May 1960

<sup>131</sup> PRO CAB 129/98: Heathcoat Amory memorandum to Cabinet, 'Public sector investment 1958-63', 18 July 1959

costs and benefits of an extra year of compulsory training after the existing school leaving age.<sup>132</sup>

Long-term expenditure planning was not wholly novel. It had been conceived during Clarke's time in the Social Services Division of the Treasury in the mid-1950s, when Butler had asked the Treasury to prepare a five-year 'forward look' on the social services. This early survey had the intention of developing 'areas of choice', by which public expenditure could be more effectively directed at areas of most pressing need – exactly the emphasis Clarke and his colleagues insisted on in the early 1960s.<sup>133</sup> There were other forerunners, for instance the long-term capital plans of the Atomic Energy Authority under Plowden, the strategic role of the Iron and Steel Board in controlling investment in the privatised steel industry, and the British Transport Commission's Railway Plan of 1955. Most importantly in terms of central government investment, the roads programme had been planned on a five year, inter-departmental basis from the mid-1950s.<sup>134</sup>

Defence policy was also central to this re-evaluation. Derek Serpell, head of *materiel* procurement at the Treasury, was one highly influential witness during the Select Committee inquiry.<sup>135</sup> Britain's post-Suez policy was to reduce her worldwide defence commitments, to bring them more into line with her economic power. Macmillan had explicitly included this in his brief to Duncan Sandys when he appointed him Minister of Defence in 1957. Though most of Britain's commitments in the Middle East and Far East were to remain, her armed manpower was to be cut in half, and reduced even on NATO's German frontier. This, it was hoped, would substantially reduce total defence expenditure.<sup>136</sup> Though the financial savings hoped for in the switch from a conventional army to defence based on nuclear deterrence were not as great as hoped, re-orientation in this direction involved a great deal of

---

<sup>132</sup> CCAC CLRK 1/3/1/3: Clarke to Cairncross, 'Economics in social expenditure', 15 November 1961

<sup>133</sup> Clarke, *Expenditure*, xx-xxi; Peden, *Treasury*, p. 442

<sup>134</sup> Clarke, *Expenditure*, pp. 12-13. On the Roads Programme Committee, PRO PREM 11/3759: Heathcoat Amory to Macmillan, 'Committee on control of public expenditure', 16 June 1960

<sup>135</sup> *Sixth report of the select committee on estimates*, 1958, pp. 338-9: Serpell evidence, 13 May 1958

<sup>136</sup> Cmnd 124, *Defence: outline of future policy* (HMSO, London, April 1957), pp. 1-2, 6-8, 10

long-term thinking about strategic priorities.<sup>137</sup> Defence provided a powerful spur to long-term thinking, for the run-up to amalgamating the Service Departments into one Ministry of Defence in 1963 required machinery for judging which Services should take priority in expenditure, and the needs of a smaller, more integrated, fighting force. Sir Richard Powell, the Permanent Secretary at Defence, developed a series of ten year 'forward looks' in the late 1950s.<sup>138</sup>

Given that the exercise was aimed at saving money, the Treasury was unsurprisingly enthusiastic about this strategic re-evaluation. But that department's approval was also based on the *method* of re-evaluation, for it was based on exactly the principles Clarke wanted to promote: long term plans, related to clearly set-out priorities. Macmillan was told in 1960 that since five-year forecasts and reviews had been going on in Defence since Duncan Sandys had been installed as Minister, 'the techniques and tricks learned with these will be useful in the civil sphere'.<sup>139</sup> The integration of the Service departments into one new Defence Department strengthened the decision-making centre, allowing economic analysis, especially of costs, to take centre stage. The Third Interim Report of the Plowden Committee noted this fact approvingly.<sup>140</sup> By 1962 the planning rhetoric of the Ministry of Defence was at its height. 'A long-term plan is essential', argued the Defence White Paper of that year, 'if the best use is to be made of manpower and resources. No settled weapons policy is possible in a short time-scale'.<sup>141</sup>

There was one last stimulus to long-term thinking, namely the expected rise in the total population by the 1980s. During 1962 it became clear that the rising

<sup>137</sup> D. Greenwood, 'Defence and national priorities since 1945', in J. Baylis (ed.), *British defence policy in a changing world* (Croom Helm, London, 1977), pp. 190-2, 198; M. Dockrill, *British defence since 1945* (Basil Blackwell, Oxford, 1988), pp. 66, 68, 75-7

<sup>138</sup> Clarke, *Expenditure*, pp. 8-10

<sup>139</sup> PRO T 325/64: Bligh to Macmillan, 'Government expenditure', 6 April 1960

<sup>140</sup> PRO T 325/75: Treasury memorandum, 'The control of defence expenditure', [March?] 1960; PRO T 291/74: Plowden sub-committee 4, defence expenditure, draft report, 2 March 1960; PRO PREM 11/3759: Third interim Report of Plowden Committee, 24 October 1960

<sup>141</sup> Cmnd 1639, *Defence 1962: the next five years* (HMSO, London, February 1962), p. 5

population and birth rate, along with increasing numbers of the elderly, increased pressure for the provision of all types of welfare services. The slow realisation of this situation emerged from the 1961 census, which forecast that the Britain's population would grow from 51 million in 1961 to nearly 57 million by 1981.<sup>142</sup> The implications of this were intimidating, and are analysed in *Table II.2*. This table takes three sectors of the welfare state, and applies 1961 rates of provision for the greater number of people that would have to be provided for if the new population projections were borne out. As the examples given in this table demonstrate, an increased population meant significant extra demands *over and above* qualitative changes.

*Table II.2. Increased demand for selected services at stable levels of provision, implications of 1961 projections for 1981 (GB)*

<i>Public sector affected</i>	<i>1961</i>	<i>1981</i>	<i>Implied extra need, 1981</i>
Housing	4.117m LA households	4.584m LA households	467,196 new houses
Education	7.818m schoolchildren	9.035m schoolchildren	50,763 teachers
Sheltered elderly care	7.561m pensioners	9.815m pensioners	85,390 places

*Sources: Census of England and Wales 1961: housing tables (HMSO, London, 1965), table 16  
 Mitchell, Historical statistics, table II, pp. 886-7  
 MOH report 1960 (HMSO, London, 1961); Registrar General's statistical review for England and Wales (1961), vol. II, p. 7; Population trends 38 (1984), table 2, p. 37  
 Scottish Registrar General's Reports, 1959-64; Census 1961, Housing: national summary totals (HMSO, Edinburgh, 1964); Scottish Department of Health report 1960 (HMSO, Edinburgh, 1961), p. 81*

While improving staff: patient ratios in homes for the elderly, or teacher: pupil ratios, or even building more local authority housing to re-house those displaced in 'slum clearance', Ministers would have to find half a million more houses, 50,000 more teachers, and more than 85,000 more places in elderly residential care. In short, they would have to run ever faster in order simply to stand still. The implications of unexpected population growth on this scale were clear, and demanded a long-term look at spending and resources. As Powell and Michael Noble, the Scottish Secretary, put it to the Cabinet: given population growth, 'we must now change substantially our

<sup>142</sup> *Registrar General's statistical review for England and Wales (1961), vol. II, p. 7; Reports of the Scottish Registrar General, 1959-64; Census 1961 (Scotland), Housing: national summary totals (HMSO, Edinburgh, 1964)*



assumptions about the future of the country in ways which cannot but have implications for many of our policies, economic, social and political'.<sup>143</sup>

These unwelcome facts emerged as the Treasury pleaded, not for more spending, but for retrenchment, Treasury Ministers for instance appealing to Conservative political principles. 'Our supporters in Parliament wish to see us curbing expenditure', wrote Henry Brooke in 1962: 'in fact it is rising rapidly'.<sup>144</sup> In his emergency statement on the economic situation in July 1961, Lloyd had promised to hold Supply spending by government departments to a 2.5% increase in 1962/63. However, departmental bids came in for a 4.5% increase in 1962/63, with 8% more in 1963/64.<sup>145</sup> Even though Cabinet agreed £31m in 'cuts' to the 1962/63 programme, Lloyd could not achieve the £111m that would have brought him within his target.<sup>146</sup> Furthermore, by the next spending round, Departmental appetites had risen again, to a 1963/64 spending increase of 11.5%.<sup>147</sup> Although Maudling and Boyd-Carpenter were able to bid this down to a nominal 6%, the next year they were confronted with total requests for a 9.5% increase in 1964/65.<sup>148</sup>

The concern with the level of public expenditure came out strongly in the first overall 'review of resources', conducted in 1959 and projecting spending into 1963 on known trends. This attempted to identify areas for savings to maintain Britain's external payments and defence stance. The payment of subsidies to industry and agriculture, that depended on circumstances and could not be 'programmed', came

---

<sup>143</sup> PRO CAB 129/112: Powell, Noble memorandum to Cabinet, 'Population prospects', 15 January 1963

<sup>144</sup> PRO CAB 129/108: Brooke memorandum to Cabinet, 'Estimates 1962/63', 3 January 1962

<sup>145</sup> PRO CAB 129/108: Brooke memorandum to Cabinet, 'Public expenditure 1962/63 to 1965/66', 4 January 1962;  
PRO CAB 128/36: Cabinet minutes, 8 January 1962

<sup>146</sup> PRO CAB 129/108: Brooke memorandum to Cabinet, 'Decisions on savings', 13 February 1962; PRO CAB  
128/36: Cabinet minutes, 15 February 1962

<sup>147</sup> PRO CAB 129/110: Boyd-Carpenter memorandum to Cabinet, 'Public service investment 1963/64', 27 July  
1962

<sup>148</sup> PRO CAB 128/36: Cabinet minutes, 1 August 1962; PRO CAB 129/114: Boyd-Carpenter memorandum to  
Cabinet, 'Forecast estimates 1964/65', 12 July 1963

under fierce scrutiny.<sup>149</sup> The search for economies remained at the heart of the Treasury's interest. The second phase was a new classification of public expenditure, which sought to free the description of government spending from its departmental classification, breaking it into blocks describing the service or investment.<sup>150</sup> Clarke then became more ambitious, suggesting to his colleagues that they institute an annual three-stage expenditure process. In the first stage, five year expenditure appraisals would set out what 'could be afforded'. The second stage would determine the forecast estimates for the following year, and the third stage would attempt five year 'forward looks' about what *would* be spent.<sup>151</sup>

To bolster this, and to form a high-level committee along 'Plowden' lines, there was to be a 'public expenditure committee', 'to receive... reviews, to form judgements on them and to develop the strategy'.<sup>152</sup> To service this committee – appointed in December 1960 as the *ad hoc* Ministerial Committee on Public Expenditure – there would have to be an official committee to do the detailed work. This was the Public Expenditure Survey Committee, or PESC, on which committee sat most of the large departments' finance officers.<sup>153</sup> The Cabinet agreed to the formation of PESC in March 1961.<sup>154</sup> Its reviews were based on a 'target date' four years ahead: for instance, the initial PESC review, conducted in 1961-62, was based on negotiating expenditure figures for 1965/66.<sup>155</sup> However, PESC did not have explicit authority to take decisions, but simply to prepare expenditure and resource

<sup>149</sup> PRO T 320/42: Treasury memorandum to the *ad hoc* group, 'Containing public expenditure', 21 January 1961; PRO CAB 129/104: Selwyn Lloyd memorandum to Cabinet, 'Public expenditure', 23 March 1961

<sup>150</sup> PRO T 325/64: Treasury memorandum, 'Long term resources review', February 1960; Clarke, *Expenditure*, pp. 21, 41-2, 45-6

<sup>151</sup> PRO T 325/64: Clarke to Permanent Secretaries, 17 February 1960

<sup>152</sup> PRO T 325/75: Clarke to Padmore, 4 November 1960

<sup>153</sup> PRO T 320/42: Treasury memorandum to the *ad hoc* group, 'Public Expenditure Survey', 15 December 1960; PRO T 298/134: Rawlinson to Clarke, 30 March 1961, Treasury circular to Departments, 'Public expenditure survey committee', 11 April 1961

<sup>154</sup> PRO CAB 128/35: Cabinet minutes, 28 March 1961; *House of Commons debates*, vol. 638, cols. 793-4: Budget statement, 17 April 1961

<sup>155</sup> e.g. PRO T 298/137: Rawlinson to Vinter, 'Public expenditure: presentation to departments', 27 March 1961

reviews for higher authority. It therefore acted as a clearing-house for the identification of areas for negotiation, and consequently could easily be side-tracked: its first review, for instance, was hampered by the dispute about Selwyn Lloyd's proposed reductions to the 1962/63 Estimates.<sup>156</sup>

1963 witnessed an attempt to plan a number of spending areas – seven in total, including education, health, housing and defence – in blocks with actual expenditure limits, for three years ahead.<sup>157</sup> However, emboldened by the apparent failure of PESC to develop control, as opposed to monitoring, functions, departments frustrated this, arguing that it should be delayed until after the 1963-64 exercise.<sup>158</sup> Although Boyd-Carpenter and Maudling spent that winter attempting to get the Cabinet to agree to 'block plans', with penalties for departments which did not obey, they failed.<sup>159</sup> Douglas Home summed up the case for flexibility in deciding not to implement this scheme in January 1964: 'the Government could not easily acquiesce in a position in which their freedom to add new projects to their forward programmes would be conditioned by the need either to specify at the same time which existing projects would be eliminated or, alternatively, to foreshadow increases in taxation'.<sup>160</sup> This failure related to results, and not simply machinery, for if PESC was indeed designed to control public expenditure, it failed. It is clear, for instance, from both *Table II.3* and *Chart II.5*, that public expenditure began to accelerate, not decelerate, after 1959.

---

<sup>156</sup> e.g. PRO T 298/136: Treasury memorandum to PESC, 'PESC: progress report', 14 November 1961

<sup>157</sup> The other areas were roads, police and prisons, and NI benefits. PRO CAB 129/111: Boyd-Carpenter memorandum to Cabinet, 'Public expenditure', 14 December 1962; PRO CAB 128/36: Cabinet minutes, 20 December 1962; PRO T 320/120: Boyd-Carpenter to Clarke, 13 April 1963; PRO T 320/89: Treasury memorandum to PESC, 'Survey of public expenditure 1963', 16 April 1963

<sup>158</sup> PRO T 320/120: Boyd-Carpenter to Maudling, 'Control of public expenditure', 23 April 1963; PRO CAB 129/113: Boyd-Carpenter, Maudling memorandum to Cabinet, 'Rates of growth of public expenditure', 26 April 1963

<sup>159</sup> PRO CAB 129/114: Boyd-Carpenter memorandum to Cabinet, 'Long-term growth of public expenditure', 29 July 1963; PRO CAB 128/37: Cabinet minutes, 18 July, 12 September 1963

<sup>160</sup> PRO CAB 128/38: Cabinet minutes, 23 January 1964

As might have been predicted, most spending Ministers had found ways to limit co-operation. The *ad hoc* Ministerial committee never gained the prominence that Plowden thought should attach to a central decision-making committee. Given that Macmillan deliberately included Macleod on this Committee, it was no surprise that doubts were immediately expressed about reining back public spending. The minutes show this clearly, for instance recording the opinion that 'it might be for consideration whether the country at large, if faced squarely with this dilemma, would wish taxation to be reduced if this meant a cutting of services to which the public attached value'. More systematic doubts were also expressed: 'in general individual Ministers were naturally jealous of their own programmes. An invitation to them to offer candidates for economy was unlikely to be particularly successful'.<sup>161</sup>

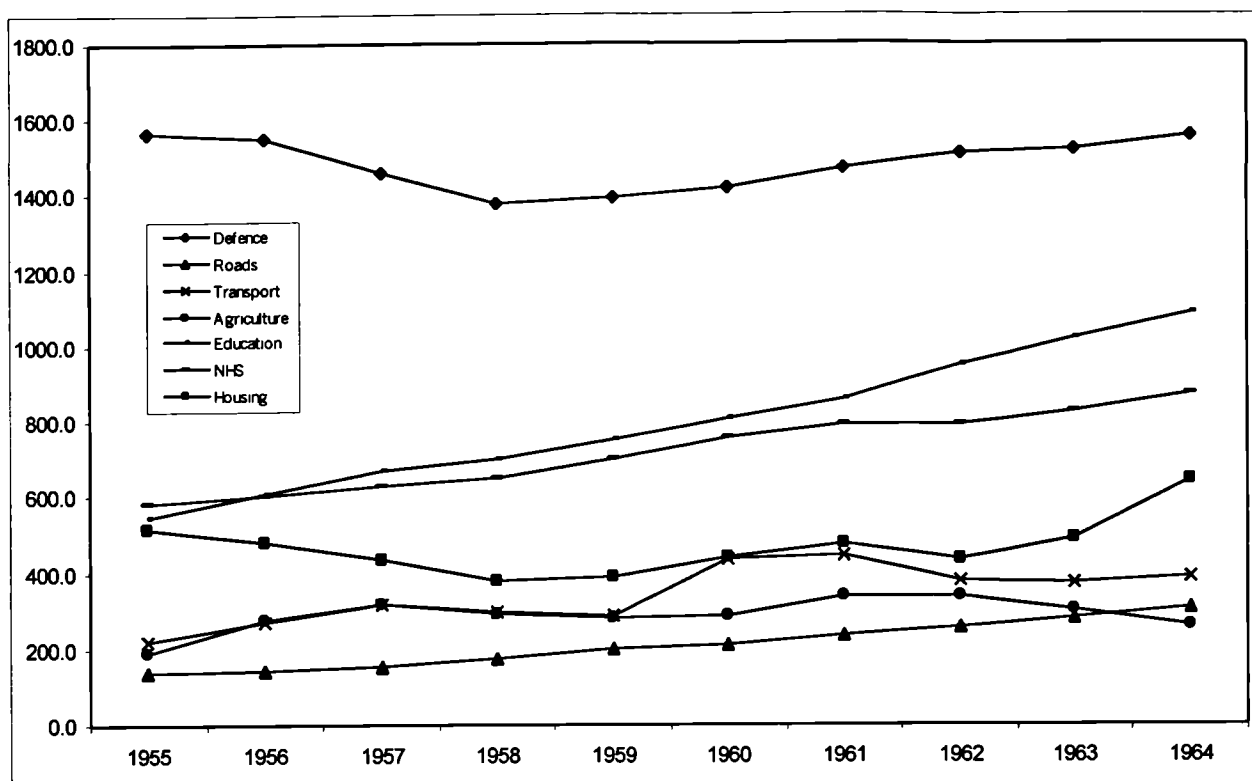
.

---

<sup>161</sup> PRO PREM 11/4209: Macmillan to Selwyn Lloyd, 30 November 1960; PRO T 320/44: *ad hoc* group, minutes,

1 December 1960

Chart II.5. Government expenditure, 1955-64 (£m, 1955 prices)



Source: *National income and expenditure* (1965), table 48, pp. 58-62; Department of Employment, *Retail Price Indices* (1987), p. 45

Table II.3. Government expenditure as a percentage of GDP (excluding debt repayment, market prices), 1951-64

Government expenditure/ GDP (%)	
1951	37.2
1952	37.6
1953	36.4
1954	34.0
1955	32.4
1956	32.7
1957	31.9
1958	32.3
1959	32.4
1960	32.4
1961	35.6
1962	36.3
1963	38.6
1964	40.7

Sources: Peacock & Wiseman, *Growth*, table A6, p. 166, Cmnd. 2235, *Public expenditure in 1963-64 and 1967-68* (HMSO, London, December 1963), Annex A, CSO, *National income and expenditure* (1971), table 44, p. 53

These twin doubts – about the political wisdom of reducing public expenditure, and the chances of forcing Ministers to consider their colleagues when making claims on the Exchequer – were behind the failure of the *ad hoc* committee.

The Treasury attempted, on a number of occasions during the committee's lifetime of December 1960 to March 1961, and June to November 1962, to force 'policies which during the next few years will give the Government a reasonable chance of accommodating the growth of expenditure within the growth of resources'.<sup>162</sup> But by the end of its life, the members of the *ad hoc* committee were discussing frankly the 'inconsistency' of promising both improved social services and lower taxes, and concluding that in fact 'it might be desirable to stimulate the economy by means of a big increase in public expenditure'. As there had been at the very beginning of the committee's life, there was the admission that 'in the last resort expenditure decisions were taken on political grounds; and in the nature of things, this would always be the case'.<sup>163</sup>

In a parallel reform, the Treasury was reorganised, to aid the Chancellor in negotiations within Cabinet. In order to facilitate the 'Plowden' process of matching public spending to what was possible given economic developments, two separate divisions of the Treasury were to deal with public spending. The first, the National Economy Group, were to work on forecasts for the national economy, and the second, Public Income and Outlay, were to bring together public expenditure work to bring it in line with national economic trends.<sup>164</sup> Henry Brooke was also appointed as Chief Secretary to the Treasury, a new post devoted entirely to negotiations over the control of public expenditure.<sup>165</sup>

This re-organisation, however, did not fundamentally change the nature of central control. It remained for spending departments to set their priorities, in ways that often remained opaque to the Treasury. Only *once their demands had been formulated* could separate Ministries be challenged. Increased delegation, to force financial responsibility onto departments, had indeed been one of the key elements of

<sup>162</sup> PRO T 320/42: Treasury memorandum to the *ad hoc* group, 'Containing public expenditure', 21 January 1961;

PRO T 320/43: Boyd-Carpenter memorandum to *ad hoc* group, 'Public service investment 1963/64', 4 June 1962

<sup>163</sup> PRO T 320/44: *ad hoc* group, minutes, 31 October 1962, 22 November 1962

<sup>164</sup> PRO T 320/16: Allen memorandum, 'The duties of the National Economy Group', 7 November 1962, Bancroft to head of Treasury Divisions, 'Duties of public income/outlay division', 29 November 1962

<sup>165</sup> Clarke, *Expenditure*, pp. 26-7

the Plowden Report.<sup>166</sup> But as the Treasury found, Departments often produced figures based on very different classifications from those in the National Income and Expenditure 'blue book', which the Treasury used for yearly Budgetary control. Furthermore, given local authorities' responsibility for many services, Departments often had little idea what the likely effects of different policies were likely to be on spending at the margin.<sup>167</sup> For instance, once permission was given to councils to build schools or houses, or to borrow to that effect, it could not be rescinded, and might affect government spending for years to come.

This new structure also failed to resolve the inherent tension between long-term public expenditure planning, and short- to medium-term economic management. The Treasury recommended only the use of small-scale maintenance work, and variations in the housing programme, to vary the rate of economic growth.<sup>168</sup> However, given the failure properly to integrate long-term expenditure planning into the Whitehall machine, spending decisions continued to be made on a short-term basis. The arbitrary investment 'halt' of 1961-62, imposed for instance on all local authority building work is only the best example of this.<sup>169</sup> This particular 'stop' phase also involved small, though significant cuts to the capital budget, quite outside the PESC system.<sup>170</sup> As the realists on the *ad hoc* Ministerial Committee pointed out, Ministers were still reacting to short-term economic crisis, rather than long-term projections of need.

Furthermore, as part of the growth experiment, Ministers allowed their public expenditure projections to become entangled with the 4% growth target. From the

---

<sup>166</sup> PRO T 325/81: Plowden, Eighth Interim Report, 'Establishments Control and Management Services', June 1961

<sup>167</sup> PRO T 298/165: Embling to Phelps, 15 November 1961, Harding to Phelps, 4 December 1961

<sup>168</sup> PRO T 325/75: Treasury memoranda, 'Flexibility of public investment', 'Public investment and reflation', March, April 1960

<sup>169</sup> *House of Commons debates*, vol. 645, cols. 436-7: Selwyn Lloyd statement, 'The economic situation', 26 November 1961

<sup>170</sup> PRO PREM 11/3291: Bligh note for the record, Macmillan-Selwyn Lloyd meeting, 14 June 1961; PRO CAB 128/35: Cabinet minutes, 16 June 1961; PRO CAB 129/106: Selwyn Lloyd memorandum to Cabinet, 'Public investment 1962/63', 20 July 1961

very beginning, it had been clear that the five-year spending plans 'depend... on sustained rates of growth both of productivity and of exports well above anything achieved in the past over a comparable period'. This was already the case in 1960-61, on the basis of 3% per annum economic growth.<sup>171</sup> The effect of adopting the 4% growth target, not just as an aspiration, but an assumed probability, meant that when it failed to materialise, public spending as a proportion of GNP surged ahead. The slow growth of 1961-62 in particular, meant that the economy would have to grow at an unprecedented rate just to hold public expenditure within the rate of economic growth.<sup>172</sup> Clarke later pinpointed 1962-63, when the 4% growth target was incorporated as part of the PESC growth assumptions, as the moment when the whole process was 'stood on its head'.<sup>173</sup>

There were political reasons for this change. Powell had warned of these in his reaction to the Plowden Report:

Given the present preoccupation of politicians and the public with 'growth', the Government dare not... pitch their estimate of prospective resources low. As it is, they are liable to be told by their opponents that the rate of growth anticipated is miserable, and that all difficulties would be resolved by a policy to make it increase faster. Inevitably therefore the estimate of prospective income is on the high side.<sup>174</sup>

Even Treasury submissions to PESC began to envisage 3% as a 'minimum' rate of growth, with 4% as a 'maximum'. In November Maudling announced public spending

---

<sup>171</sup> PRO T 320/42: Treasury memorandum to the Ministerial *ad hoc* group on public expenditure, 'Public expenditure and resources', 23 January 1961; for the 3% assumption PRO CAB 129/104: Selwyn Lloyd memorandum to Cabinet, 'Public expenditure', 23 March 1961

<sup>172</sup> PRO T 325/80: Report of the working party on economic assessment, 'Long term review 1961-1966', February 1962

<sup>173</sup> Clarke, *Expenditure*, pp. 72-3

<sup>174</sup> PRO T 298/115: Powell to Selwyn Lloyd, 16 September 1961; also PRO PREM 11/4778: Trend to Douglas-Home, 'Government expenditure after 1968', 22 January 1964



plans to 1968, 'compatible with' 4% growth.<sup>175</sup> The Public Expenditure White Paper of December 1963 envisaged a 4.1% yearly increase in public expenditure.<sup>176</sup>

PESC did stimulate long-term thinking, though often of a very speculative character. Chief among these (and claiming its own sub-committee of PESC) was the appropriately-named 'very long term planning', which was supposed to explore long-term priorities up to 1980.<sup>177</sup> First attempts at this were not impressive, with most departments simply sending in their existing (often published) projections of, for instance, population increases. Robert Hall's report for the Ministry of Transport on the 'transport needs of Great Britain in the next twenty years' was one document sent to the PESC sub-committee.<sup>178</sup> However, in spring 1962, Cairncross recruited Alan Holmans, from Glasgow University, to prepare an 'economic map of 1980'.<sup>179</sup> This map brought together projections for total and working population, fuel and energy consumption, numbers of cars and overall journeys, skilled manpower, and the implications of all of these for government spending, especially investment.<sup>180</sup>

By its very nature, however, this remained academic, for there was no way of relating public expenditure decisions in 1962 to the needs of 1980. One official summed this up well: 'we should not try to work out a centralised long-term pattern for the economy into which the planning of each segment would be made to fit. It is impossible to make a sensible plan for the economy twenty years ahead. Too much is uncertain'.<sup>181</sup> Even Clarke admitted that the 'map' was best left to one side, though

---

<sup>175</sup> PRO T 320/89: Treasury memorandum to PESC, 'Resources for public expenditure 1962-1967', 19 June 1963; *House of Commons debates*, vol. 684, col. 202: Maudling, Debate on the Address, 13 November 1963

<sup>176</sup> Cmnd. 2235, *Public expenditure*, table, p. 5

<sup>177</sup> PRO T 325/89: Clarke to Padmore, 'Future planning: civil side', 23 January 1962

<sup>178</sup> PRO T 320/200: MOT memorandum to PESC VLT, 'The transport needs of Great Britain in the next twenty years', 13 March 1962

<sup>179</sup> PRO T 230/665: Clarke memo to permanent secretaries, 'Very Long Term Planning and the Economic Map of 1980', 22 May 1962

<sup>180</sup> PRO T 230/665: Holmans report, 'An economic map of 1980', October 1962

<sup>181</sup> PRO T 311/116: Rawlinson to Clarke, 'VLT: paper for permanent secretaries', October 1962

kept in mind for very large capital decisions.<sup>182</sup> At Permanent Secretaries' November 1962 Sunningdale conference, most participants objected to the Holmans map, fearing that all freedom of manoeuvre would be removed.<sup>183</sup> The 'map' was left as a means of examining 'relative orders of uncertainty' among departmental plans, and as a means of checking the 'internal consistency' of government's plans.<sup>184</sup>

The failure of PESC was not only due to contingent political factors, or the structural inadequacy of governmental machinery. Indeed, it contained the seeds of its own destruction, primarily because it did not allow sufficiently for the Relative Price Effect (RPE), or the tendency of prices and wages in the public sector to rise faster than those in the rest of the economy. The spending projections of PESC were couched in *real terms*, that is, adjusted for 'the most likely expectation of changes' in 'prices, wages and GNP'. By these means officials hoped to avoid the 'risk of Ministers being subsequently unpleasantly surprised... that a policy which someone had told them would cost some £Xm rising to £Ym in three years' time'. The social service costs projection made in 1955 had been based on wages and prices prevailing in that year, and had therefore 'disastrously' underestimated spending in 1959-60. All concerned believed that they had learned their lesson, and could now project future spending, in real terms, with more precision.<sup>185</sup>

However, government cost increases were highly unpredictable. Public sector wage and salary increases made up two-fifths of total government spending, but were highly volatile, determined as they were by global settlements covering very large numbers of employees, for instance non-industrial civil servants, nurses, doctors and teachers. When the government imposed greater control on these settlements, for instance in the wage pause of 1961-62, the RPE was reduced (see *Table II.4*).<sup>186</sup> Secondly, much of the RPE was due to an unavoidable principle of national

---

<sup>182</sup> PRO T 230/665: Clarke to Vinter, 27 September 1962

<sup>183</sup> PRO T 311/116: Permanent Secretaries' Conference, main conclusions, November 1962

<sup>184</sup> PRO T 320/87: Treasury memorandum to PESC, 'VLT', 12 December 1962

<sup>185</sup> PRO T 325/64: Rossiter to Clarke, 'Plowden Committee', 8 February 1960, Bligh to Macmillan, 'Government expenditure', 6 April 1960

<sup>186</sup> CSO, *Economic statistics: a handbook* (HMSO, London, 1968), *passim*

accounting. Given that government spending was not marketed for cash, it was impossible to measure labour productivity against final output costs, and to incorporate this in price analyses. This exaggerated relative cost increases in the public sector, for the productivity gains measured in private industry acted to deflate calculations of final output cost increases.<sup>187</sup>

Table II.4. Government cost increases above general GDP cost increases, 1955-64

	<i>Government costs increase above GDP costs increase</i>
1955	1.2
1956	2.9
1957	2.2
1958	-0.6
1959	2.1
1960	3.5
1961	0.1
1962	0.0
1963	2.7
1964	2.1

Source: *Economic trends* (1975), table 2.4, p. 21

Thirdly, and even more fundamental if future cost trends were to be utilised in *forecasting* expenditure, these projections could only be based on past experience, which given the previous unstable behaviour of the indicator, was little indication of how prices in the public sector would behave in the future.<sup>188</sup> The unpredictability of cost trends put further pressure on the Treasury in PESC negotiations, for departments repeatedly demanded that their programmes be revalued on the basis of 'present wages and prices'. Spending departments such as the Ministry of Education continuously came back to this theme, arguing on a number of occasions that the cost limits imposed on school building had become unrealistic. The Ministry of Defence

<sup>187</sup> M.S. Levitt & M.A.S. Joyce, *The growth and efficiency of public spending* (CUP, Cambridge, 1987), pp. 14-15, 21, 159-60; CSO, *Economic statistics*, pp. 44-5

<sup>188</sup> P.M. Rees & F.P. Thompson, 'The RPE in public expenditure', *Statistical news* 18 (August 1972), p. 18.15

was another persistent irritant. Officials struggled, without much success, to find a formula to integrate the RPE within public expenditure decisions.<sup>189</sup>

Given the failure fully to incorporate PESC into public expenditure machinery – and the confusion over what PESC was *for* – the accelerating trend of public expenditure could not be restrained. However, given the prevailing political climate, and the daunting technical problems that confronted the architects of expenditure planning, it is debatable how much control could have been established, whatever the machinery. It was, as Powell had in fact argued, the *will* of public, Ministers and Parliament to rein back, not the number and scope of government committees, that was paramount. ‘There is only one key to the control of expenditure’, he had argued. That is for the government to wish it, and to wish it more than they wish anything inconsistent with it’.<sup>190</sup> The Plowden inquiry ignored these wider political questions, and focussed on governmental machinery. But without a sea-change of public and official attitudes, the appearance of making actual choices remained an illusion.

---

<sup>189</sup> PRO T 298/161: Treasury meeting with spending departments, ‘Civil public investment’, 20 June 1960; PRO T 320/121: Peck to Harris, ‘Defence estimates 1963/64’, 6 December 1962, Burdett to Nodder, ‘Control of defence expenditure’, 6 June 1963; H. Hecló & A. Wildavsky, *The private government of public money* (Macmillan, London, 1974), pp. 96-7; PRO T 320/120: Rawlinson to Phelps, ‘Public expenditure programmes in proportion to GDP’, draft memorandum for Treasury Public Expenditure Committee, 18 July 1963; PRO T 320/121: Berman to Nodder, ‘PESC and Clarke’s law’, 11 June 1963

<sup>190</sup> PRO T 298/115: Powell to Selwyn Lloyd, 16 September 1961

*'Proper national balance': returning to regionalism.*

Those regions which had since the 1930s been known as the 'depressed areas' – South Wales, Central Scotland, North East England, Merseyside – had attracted a great deal of attention from the post-War Labour Government. These regions had a number of problems. Most of them were hundreds of miles from the new industrial heartlands – and markets – of the West Midlands and the South East. All suffered from a structural over-reliance on the industries of the Industrial Revolution, for instance coal and shipbuilding.<sup>191</sup> The 1945 Distribution of Industry Act was an attempt to right these structural imbalances, as it granted the Board of Trade the powers to issue both loans and grants for the reclamation of derelict land, to provide 'advance factories' for industrial use, and to build industrial estates. The Treasury was empowered to issue further grants and loans for investment in plant and equipment, under advice from the Development Areas Treasury Advisory Committee (DATAC) provided that the project would at least break even.<sup>192</sup> This extended powers that went back to the 1928 Industrial Transfer Act and 1934 Special Areas Act.<sup>193</sup>

Labour was able to pursue regional policy with more vigour, partly due to the introduction of Industrial Development Certificates in the Town and Country Planning Act of 1947. These IDCs were required by industry wishing to build, or to expand, in the 'congested areas' of the West Midlands and South East. BOT refusal of IDCs was supposed to add the 'stick' to the 'carrot' of BOT and Treasury funding for re-locating industry.<sup>194</sup> By contrast, the 1950s had seen regional policy in abeyance.<sup>195</sup> By 1958, the amount of money given in loans and grants to industry moving to Labour's Development Areas had been nearly halved. Expenditure on BOT advance

---

<sup>191</sup> J. Glasson, *An introduction to regional planning* (2<sup>nd</sup> edn., Hutchinson, London, 1978), pp. 199-202; B. Rhodes & J. Moore, 'Evaluating the effects of British regional economic policy', *Economic journal* 83 (1973), tables I-II, p. 92

<sup>192</sup> G. McCrone, *Regional policy in Britain* (Allen & Unwin, London, 1969), p. 110

<sup>193</sup> Glasson, *Planning*, p. 210

<sup>194</sup> McCrone, *Policy*, pp. 109-10

<sup>195</sup> G. Cherry & U. Wannop, 'The development of regional planning in the UK', *Planning perspectives* 9, 1 (1994), p. 40

factories had already been greatly reduced.<sup>196</sup> IDC refusals in prosperous areas dropped to a post-war low in 1956-57 (see *Table II.5*), and the number of firms moving to the development areas reached its low in 1959.<sup>197</sup>

*Table II.5. Refusal of IDC applications, 1951-64*

<i>Year</i>	<i>IDC refusals, percentage of possible employment refused as percentage of total official applications</i>
1951	13.2
1952	15.7
1953	7.7
1954	6.4
1955	6.3
1956	1.8
1957	2.1
1958	13.8
1959	13.7
1960	16.7
1961	19.1
1962	24.2
1963	21.6
1964	26.1

*Source:* Moore & Rhodes, 'Movement', table A2, p. 30

It was at this point that the Government's interest in regional policy revived, culminating in the Distribution of Industry Act 1958. This widened the Development Areas to include contiguous areas for DATAC aid, though not the full benefits of 'scheduling' under the 1945 Act. But this Act also introduced for the first time the concept of a 'high and sustained level of unemployment' as the qualifying test for central government aid.<sup>198</sup> This involved a shift away from an overall 'development' emphasis, to more selective intervention. This trend was reinforced following the 1959 Election, spurred by a joint BOT-Treasury inquiry into the Development Areas, submitted to Ministers in July 1959. 'With the exception of Glasgow and Liverpool', this report concluded, 'the large towns in the blighted areas whose problems gave rise to the pre-war legislation now have or are in sight of attaining unemployment rates

<sup>196</sup> P. Scott, 'The worst of both worlds: British regional policy 1951-64', *Business history* 38, 4 (1996), pp. 41, 49, 54; D.W. Parsons, *The political economy of British regional policy* (Croom Helm, London, 1986), pp. 103-104

<sup>197</sup> Rhodes & Moore, 'Regional economic policy and the movement of firms to development areas', *Economica* 43 (1976), figure 1, p. 18

<sup>198</sup> Mccrone, *Regional*, pp. 118-9

not greatly higher than the national average'. Thus help should be concentrated on those 'pockets' that remained.<sup>199</sup> Rather than a re-invigoration of regional *planning*, the early 1960s were therefore marked by an extension of the *local alleviation* approach pioneered in the 1950s. The focus was on 'black spots', those 'smaller towns dependent on one industry or even one firm', or localities marked out by 'remoteness... [a] poor transport system, or geographical location'.<sup>200</sup> Smaller development *districts*, based on Employment Exchange areas, replaced development *areas*.<sup>201</sup>

The Local Employment Act of 1960 did give the BOT more powers: for instance, building grants were to be available for the first time. Furthermore, Ministers could 'list' or 'de-list' areas by administrative action, rather than having to pass legislation to declare one part of the country a Development Area.<sup>202</sup> However, while the final Act gave the BOT more discretion on how to use its powers, and added some new regional policy instruments, the 1950s policy of concentration was still being followed, since the Act's practical effect would be reduce the workforce covered by regional assistance finance measures from 19% to 14%. Reginald Maudling, as President of BOT, considered this a virtue of the measure: 'If we spread the "butter" in the form of the assistance available too far, there will not be enough to help where help is really needed'.<sup>203</sup>

The disadvantages of concentrating too much on the most depressed areas soon became apparent. The first was that it created uncertainty. The building grants

<sup>199</sup> PRO CAB 130/165: Bishop, Bancroft memorandum, 'Distribution of industry policy: report of an interdepartmental committee', 3 July 1959

<sup>200</sup> PRO CAB 130/165: *ibid*

<sup>201</sup> PRO CAB 130/165: DIC, minutes, 9 July 1959; PRO CAB 129/98: Erroll memorandum to Cabinet, 'Distribution of industry', 20 July 1959; PRO CAB 128/33: Cabinet minutes, 23 July 1959

<sup>202</sup> PRO CAB 130/165: Eccles memorandum to Distribution of industry committee [DIC], 'Local employment Bill', 3 September 1959; DIC, minutes, 7 September 1959; PRO CAB 128/33: Cabinet minutes, 8 September 1959; A. Cox & D. MacKay, *The politics of urban change* (Croom Helm, London, 1979), p. 203

<sup>203</sup> *House of Commons debates*, vol. 613, cols. 45-6, 58-59, 90-1: Maudling, Griffiths, Houghton speeches, second reading, Local Employment Bill, 9 November 1959

under the 1960 Act were set at 85% of the difference between the cost of building and the market value of the site, in order to concentrate aid on the poorest areas, where building costs formed a much higher proportion of the total outlay of business start-ups.<sup>204</sup> Unfortunately, this created a number of delays, for the final value had to be estimated by the District Valuer and the final grant negotiated with DATAC, which was taken into the BOT under the 1960 Act, becoming the Board of Trade Advisory Council (BOTAC). BOTAC was also instructed to set a 'cost per job' threshold, above which they would not fund a project: this, too, involved lengthy negotiation with industry before a grant or loan could be made. Finally, areas could be listed and de-listed with speed, by Ministerial decree, a fact unlikely to recommend investment by companies looking for long-term guarantees.<sup>205</sup>

Under the new Act, the Treasury was able to insist that the list of areas eligible for help should remain under regular review, in order to make sure that no district received help for any period longer than that it was entitled. Although Maudling was initially able to ward off this pressure, and even to extend the list a little, this pressure did not go away.<sup>206</sup> Eventually, in July and October 1960, fifteen areas were either taken off the list of those eligible for help altogether, or placed on the 'stop list', meaning that no further applications for financial aid would be taken from industries in these places. Plymouth, the Isle of Wight and Merseyside were indeed on this list, along with a number of other districts where unemployment had been on the decline: Thanet, the Isle of Sheppey, Skegness, and Llanelli, for instance.<sup>207</sup>

The second main problem with the 1960 Act was that it drew an unrealistic line around the depressed 'pockets', to the detriment of overall regional

---

<sup>204</sup> *Public General Acts and Measures*, 1960, Ch. 18, p. 285: Local Employment Act, Part II, 22 March 1960

<sup>205</sup> McCrone, *Regional*, pp. 131-2; Cherry, *Town planning*, p. 165

<sup>206</sup> PRO T 224/271: Maudling to Heathcoat Amory, 24 March 1960; PRO T 224/390: Painter to Goldman, 'Deletions from the list of development districts', 24 May 1960, Painter to Robertson, 'Industrial development in South Lancashire and Merseyside', 18 June 1960, Peterson to Goldman, 'De-listing of development districts', 24 June 1960

<sup>207</sup> PRO CAB 134/1625: Macpherson memorandum to DIC, 'Changes in the list of development districts', 12 June 1961; PRO BT 177/1256: NPACI meeting, brief for Chairman, 21 July 1961



development.<sup>208</sup> Academic fashion was at this time moving away from a reactive policy, aimed at the relief of unemployment, and towards an approach originating in development economics: the so-called 'growth pole' policy, adapted from the works of the French economist Francois Perroux.<sup>209</sup> Although Perroux's original emphasis was not in fact geographical, investigating inter-industry linkages and concerning 'space' as an economic rather than a geographical concept, it was soon employed by geographers interested in conditions for regional economic growth, especially in under-developed countries.<sup>210</sup> Out of this came an emphasis on encouraging the development of large industries, which would stimulate demand for raw materials, services and labour throughout a region, and encouraging 'clusters' of economic change in areas that could quickly attract investment to benefit the whole of their so-called 'zone of influence'.<sup>211</sup>

Ministers' views also swiftly turned against the 1960 policy. The operation of local measures, based on Employment Exchange areas, had the further disadvantage of attracting industry to areas of older housing and poor infrastructure, which could not be expected to cope with the influx of traffic and workers. Pressure therefore built up for the Government to recognise that 'in some places... the most serious unemployment was in congested areas where there was also a shortage of land... it would be sensible from the long-term planning point of view to introduce new industries not directly into the areas of unemployment themselves but to overspill areas to which the population could be moved'.<sup>212</sup> This view was reinforced by the complaints of a number of regional BOT offices, that they were not allowed to help projects in areas just a few miles away from areas of high unemployment because the

<sup>208</sup> P. Hall, *Urban and regional planning* (2<sup>nd</sup> edn., Penguin, Harmondsworth, 1982), pp. 135-6; P. Self, *Cities in flood: the problems of urban growth* (2<sup>nd</sup> edn., Faber and Faber, London, 1961), pp. 13-14

<sup>209</sup> Hall, *Urban and regional planning*, pp. 136-8

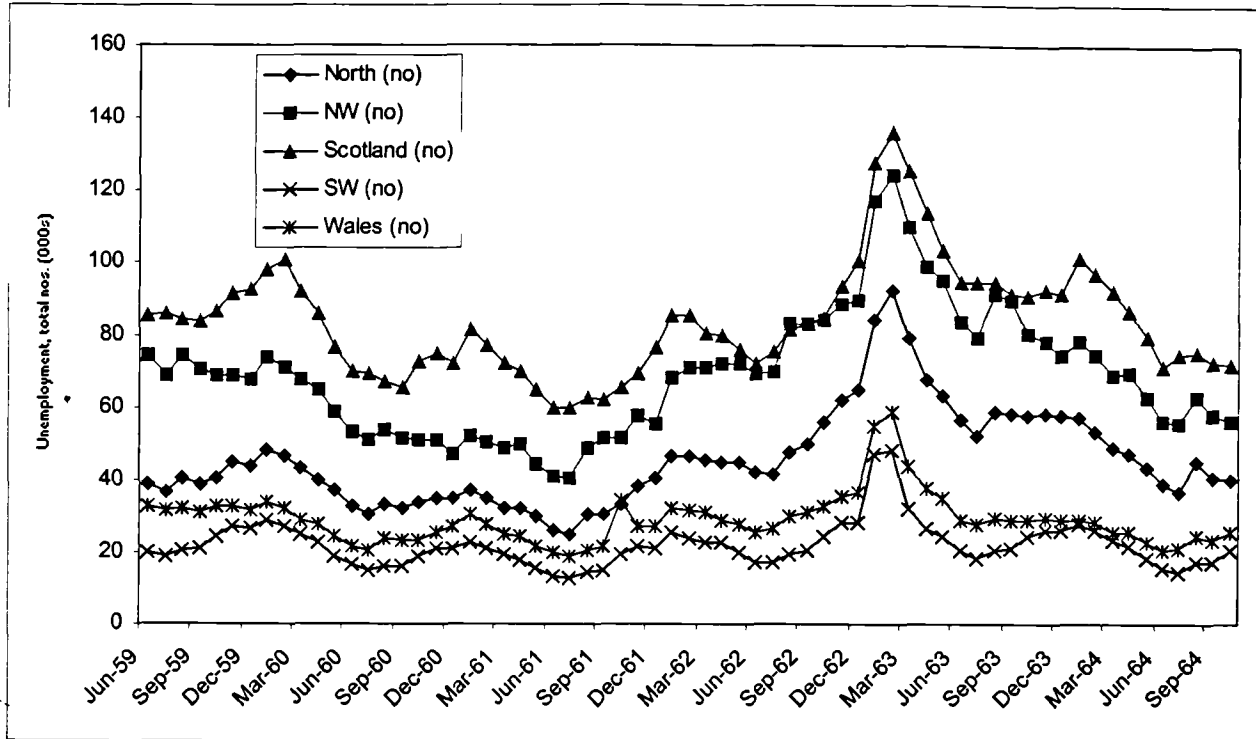
<sup>210</sup> D.F. Darwent, 'Growth poles and growth centres in regional planning: a review', *Environment and planning* 1 (1969), *passim*; J.R. Lausen, 'On growth poles', *Urban studies* 6 (1969), pp. 138-9

<sup>211</sup> J.B. Parr, 'Growth pole strategies in regional economic planning: a retrospective view I, origins and advocacy', *Urban studies* 7, 36 (1999), p. 1197; Lasuen, 'Growth poles', pp. 141-3, 149-50

<sup>212</sup> PRO CAB 134/1625: DIC minutes, 24 October 1961

projects would not actually be sited in development districts.<sup>213</sup> The FBI were particularly irritated by this.<sup>214</sup>

Chart II.6. Regional unemployment, GB, 1959-64 (000s)



Source: *Monthly digest of statistics* (various)

As both academic and Ministerial views changed, the unemployment situation in these areas deteriorated during the relative deflation of 1961-62. The situation on Merseyside, for instance, attracted a great deal of Ministerial attention.<sup>215</sup> The figures for regional unemployment can be clearly followed in *Chart II.6*. What is not so clear from the chart, however, is the very high peaks of unemployment within the broad regional headings, at the level of actual Development Districts (see *chart II.7*). From these it can clearly be seen just how high unemployment was, compared with the national average. The situation in such areas was one of the mainsprings behind

<sup>213</sup> PRO BT 177/2039: Whitehouse, Glasgow BOT, to Fisher, London BOT, 9 February 1963; FBI, *The regional problem* (FBI, London, 1963), p. 4

<sup>214</sup> PRO BT 190/12: Runge, NPACI minutes, 3 May 1963

<sup>215</sup> PRO CAB 134/1626: Price memorandum to Distribution of Industry Committee [DIC], 'Merseyside unemployment', 22 November 1962, DIC minutes, 30 November 1962

Macmillan's 'new approach', arguing as he did that 'politically the country may be able to tolerate... 2%, or even 3%, of unemployment overall; it will not accept this if the figure is an average between 5% in one place and 1% in another'.<sup>216</sup>

This was the logic behind the Prime Minister's decision to appoint a Cabinet Committee on Population and Employment in August 1962, with instructions to 'concentrate our attack on the North East and Scotland'.<sup>217</sup> Local development was one of the main topics in Macmillan's 'modernisation of Britain' memorandum to Cabinet, in which he said he would 'welcome ideas for further study into growing points, though fearful that 'in the long run it would be a mistake... to divert too much development from settled and existing industrial centres'.<sup>218</sup> In February 1963, as unemployment continued to rise, Macmillan also set up an *ad hoc* Ministerial Committee on Modernising Britain, to prepare what he told Maudling would become 'a great national plan... [which] would give local encouragement as well as a feeling of a national forward movement'.<sup>219</sup>

The unemployment situation stimulated short-term action. Merseyside was placed back on the list of areas to receive help, despite Treasury resistance.<sup>220</sup> Government also intervened through procurement orders, which were speeded up in the North East, especially, and defence contracts were brought forward. £2m of orders for the Royal Navy, for example, were put out to tender, rather than given to the

---

<sup>216</sup> PRO PREM 11/4520: Macmillan to Maudling, 'Modernisation of Britain', 30 November 1962

<sup>217</sup> PRO CAB 134/2437: Brooke memorandum to Committee on Population and Employment, 'North East England and Scotland', 10 December 1962; PRO PREM 11/4519: Macmillan to Brooke, 'Population and employment', 4 July 1962

<sup>218</sup> PRO PREM 11/4296: Macmillan memorandum to Cabinet, 'Modernising Britain', 29 October 1962

<sup>219</sup> PRO PREM 11/4520: Woodfield note, 27 November 1962; PRO PREM 11/4202: Macmillan/ Maudling meeting, minutes, 22 February 1963

<sup>220</sup> PRO CAB 134/1696: Erroll memorandum to EPC, 'Restoration of Merseyside to the active list', 17 December 1962; PRO CAB 134/1693: EPC minutes, 19 December 1962; PRO CAB 134/1698: Erroll memorandum to EPC, 'Merseyside unemployment', 15 January 1963; PRO CAB 134/1697: EPC minutes, 16 January 1963

Royal Dockyards, in order to help Glasgow, Newcastle, and Liverpool.<sup>221</sup> Special discretionary loans were made to projects such as the £10m granted to the pulp mill project at Fort William, in the Scottish Highlands.<sup>222</sup> There was also a return to using IDCs to halt industrial development in the South East and Midlands (see *Table II.5*). Encouraged by Macmillan, large spending increases were authorised for the North East and Scotland in both 1963 and 1964.<sup>223</sup> The number of Development Districts was increased throughout 1962 and 1963, and while the unemployment problem remained acute, expenditure increased – though it should be noted that it was deliberately reduced again in 1963 and 1964 (see *table II.6*).

*Table II.6. Local Employment Act expenditure, GB, 1960/61-1963/64 (£m, 1960 prices)*

	<i>Total Local Employment Act aid paid out</i>
1960/61	11.75
1961/62	31.49
1962/63	22.49
1963/64	15.02

*Source: Mintech Report on the Local Employment Acts 1969/70, table 1, p. 31*

Local authorities were also encouraged to act against unemployment. During the winter of 1962-63, Ministers were asked to prepare a one-off list of minor projects, costing less than £15,000 that could be approved quickly in the North East and Central Scotland.<sup>224</sup> While it lasted, this was seen as a useful counterpoint to the Government's accelerated investment schemes in the 40 local authority areas with the

<sup>221</sup> PRO T 320/71: Boyd-Carpenter to Macmillan, 'Acceleration of defence orders', 10 December 1962, Macmillan to Maudling, 12 December 1962; PRO PREM 11/4521, T 320/72: Macmillan meeting with Ministers, 'Modernisation of Britain', minutes, 15 January 1963

<sup>222</sup> PRO CAB 134/1697: EPC minutes, 5 February 1963

<sup>223</sup> PRO PREM 11/4521: Macmillan meeting with Ministers, 'Modernising Britain', minutes, 29 January 1963; PRO T 320/74: Noble to Boyd-Carpenter, 13 February 1963; PRO PREM 11/4519: Macmillan to Maudling, 22 February 1963

<sup>224</sup> PRO PREM 11/4521: Macmillan meeting with Ministers, 'Modernisation of Britain', minutes, 15 January 1963; PRO T 320/81: Treasury memorandum to PESC PI sub-committee, 'The construction industries and unemployment', 22 February 1963

worst problems of 'slum housing'.<sup>225</sup> Though the Treasury was not necessarily committed to long-term spending increases on social service infrastructure in the depressed areas, a formula was also established by which such areas would receive the first claims for such investment over the five-year spending plan.<sup>226</sup> Grants to local authorities for the purposes of converting derelict industrial sites were also increased: where the 1960 Act had only granted discretionary powers for BOT to make grants for this purpose with the consent of the Treasury, and the practice was to make these grants on a 50% basis to local councils, in 1963 administrative action was taken to increase this to a fixed rate of 85%.<sup>227</sup>

The immediate measures were backed up by a more subtle, but ultimately more important, shift towards regional planning. Pressure to amend the 1960 Act came first from Scotland, the subject of the Toothill Report on the Scottish economy, published in late 1961. This Report wove together the themes of the depressed areas' need for economic help, and the perceived opportunity for faster economic progress stimulated by 'the build up of industrial complexes and centres which offer prospects of becoming zones of growth'. Grants on a standardised basis should replace the percentage scale introduced in the 1960 Act, the Report recommended; BOTAC help should be speeded up; infrastructure spending and advance factory building should be concentrated on sites that could achieve fast growth.<sup>228</sup> The debt to the 'growth pole' theories was clearly evident: more significantly, this argument allowed John MacLay, the Scottish Secretary, to say in the Economic Policy Committee that this was 'not just another report moaning about Scotland's industrial prospects and seeking various

<sup>225</sup> PRO HLG 118/267: Treasury meeting with spending departments, 'Long term programming', minutes, 25 June 1963; see below, chapt. V

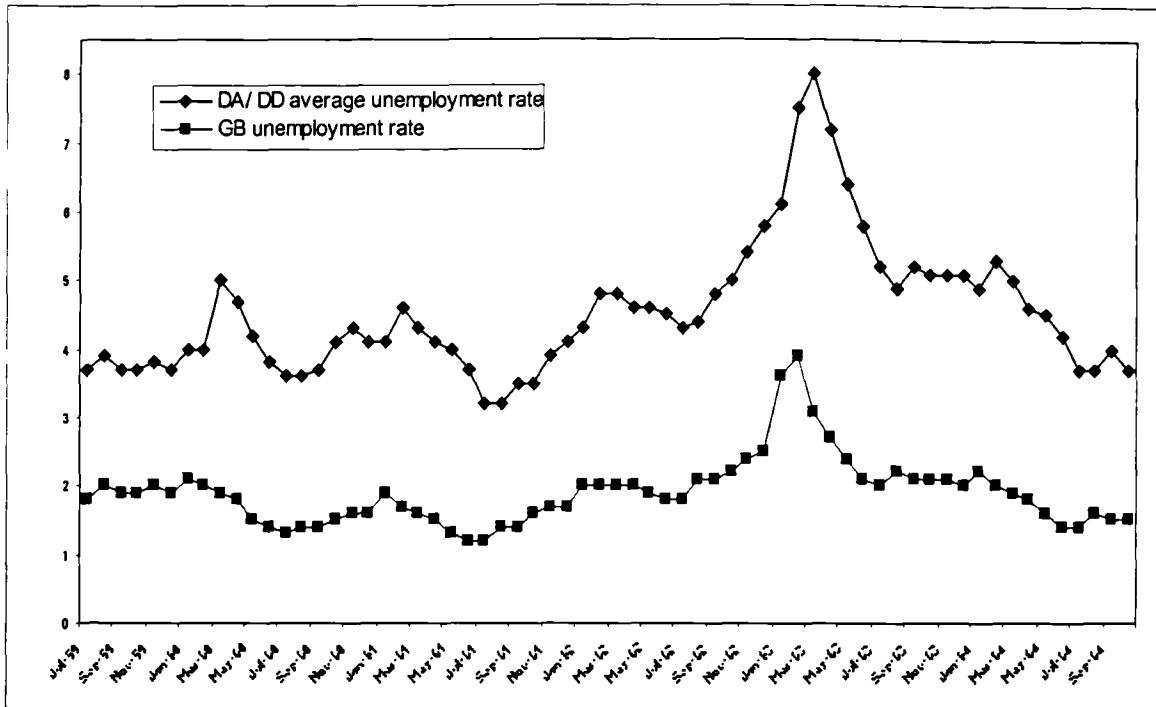
<sup>226</sup> PRO T 320/275: Public expenditure to 1968/69: report by the Public Expenditure Survey Committee, 3 July 1964; PRO T 320/67: Phelps to Petch, 'Public service investment in Central Scotland and the North East', 20 September 1961; PRO T 320/70: Padmore to Lee, 30 August 1962

<sup>227</sup> *Public General Acts and Measures*, (1960), Ch. 18, p. 286: Local Employment Act, 22 March 1960; PRO T 320/71: Noble to Boyd-Carpenter, 13 December 1962; Cmnd. 2206, *The North East: a programme for regional development and growth* (HMSO, London, November 1963), p. 6; McCrone, *Regional*, p. 138

<sup>228</sup> Scottish Council (Toothill Report), *Development and industry: report of inquiry into the Scottish economy 1960/61* (Scottish Council, Edinburgh, 1961), pp. 161-3, 178

special forms of Exchequer subsidy... Its emphasis is on the stimulation of growth and economic progress'.<sup>229</sup>

*Chart II.7. % Unemployment in Development Areas/ Districts and GB average (not seasonally adjusted), 1959-64*



*Sources: MOL Gazette (various); Monthly digest of statistics (various)*

The North East was even more important in facilitating the turn to 'regional planning'. Macmillan, with his long-standing ties to the area as MP for Stockton-on-Tees before the War, was particularly concerned with the area. He continuously asked Frederick Erroll, President of BOT, and Maudling to pay special attention to the North East as a part of Britain with a particularly acute complex of problems. Finally, in January 1963, he initiated a full-scale 'machinery of government' review for the North East.<sup>230</sup> Given that inter-departmental jealousies were aroused by the possibility

<sup>229</sup> PRO CAB 134/1692: MacLay memorandum to EPC, 'The Scottish economy', 15 December 1961

<sup>230</sup> PRO PREM 11/4207: Macmillan-Maudling meeting, minutes, 4 December 1962; PRO PREM 11/4519:

Macmillan to Erroll, 'North East coast', 23 August 1962, Erroll to Macmillan, 27 August 1962, Helsby to

Maudling, 'North East development', 2 January 1963

that the BOT would take overall responsibility, Macmillan decided to give the job to Hailsham.<sup>231</sup>

On the Lord President's return from visiting the region, he placed the emphasis on the region's overall problems, stressing not only 'the improvement of communications, town planning, culture and education and amenities' but the fact that they had to 'forecast for success', and focus their energies on particular parts of the region.<sup>232</sup> His attack on the 1960 Local Employment Act was particularly evident in his second report, where he argued that it was suitable 'only for a context of full employment marred by localised pockets of recession... a precision tool for an operation which needs a blunt instrument'.<sup>233</sup> The result was that the recently-created Committee on Population and Employment was charged with drawing up a list of 'growth points' that would foster the development of the North East and Central Scotland as a whole. By December 1962 the Committee had indeed resolved both to employ Local Employment Act powers across wide areas to secure 'comprehensive redevelopment', and to concentrate government infrastructure projects on the 'growth areas'.<sup>234</sup> It was hoped that these areas might help to absorb some of the surplus labour of contiguous areas: as Maudling told the NEDC in February 1963, 'the government accepted the concept of growth areas', though keeping in mind the interests of 'small areas of high unemployment'.<sup>235</sup>

Hailsham continued to press throughout spring 1963 for mechanisms by which central government could help 'relatively prosperous and promising areas', such as Durham and Newcastle, in his view crucial to developing the whole of the North-East.

---

<sup>231</sup> PRO PREM 11/4519: Woodfield note for the record, Trend-Chancellor-Chief Whip-PM meeting, 4 January 1963, Macmillan to Hailsham, 5 January 1963; PRO CAB 128/37: Cabinet minutes, 10 January 1963

<sup>232</sup> PRO CAB 129/112: Hailsham memorandum to Cabinet, 'Visit to the North East of England, 4-8th February 1963', 14 February 1963

<sup>233</sup> PRO CAB 134/1699: Hailsham memorandum to EPC, 'Visit to the North East of England, 4-8th March, 1963', 19 March 1963; PRO CAB 134/1697: EPC, minutes, 21 March 1963

<sup>234</sup> PRO CAB 134/2396: Committee on Population and Employment, minutes, 12 December 1962; PRO PREM 11/4519: Brooke to Macmillan, 'Modernisation of Britain', 14 December 1962

<sup>235</sup> PRO FG 1/4: NEDC minutes, 6 February 1963

He met strong opposition from Erroll and the BOT, worried that any extensions of the 1960 Act would cause a flood of applications from other areas that wanted more help: the battle eventually went to Cabinet, with Macmillan attempting to broker a compromise between the two positions.<sup>236</sup> Hailsham won his fight, and large sections of the North East with relatively low unemployment (for instance Durham) were indeed scheduled. The emphasis on growth and redevelopment was aided by the replacement of the 'sliding scale' system of BOTAC approvals under a new Local Employment Act, and its replacement with a fixed percentage grant structure. This was part of the Government's policy of offering free depreciation on investment, under which companies could choose to write off their investments against tax at any rate they chose. It was hoped this would speed up capital re-equipment in the depressed areas.<sup>237</sup>

By June 1963 the Lord President's Office and the Scottish Development Group had identified the specific 'growth places' on which wanted government policy to focus. The Scottish Report came in three stages – the programme to 1966, which was to focus on the New Towns as points that were already experiencing rapid growth, along with medium term plans for 1971 and 1981. This Report envisaged £300m additional capital spending on infrastructure projects such as roads, docks, airports and railways by 1971.<sup>238</sup> Peterlee and Aycliffe were chosen as the areas for most effort in the North East: the eventual population of both was boosted, as was the projection of future industrial expansion in their environs.<sup>239</sup> These plans were

---

<sup>236</sup> PRO CAB 129/113: Hailsham memorandum to Cabinet, 'The Local Employment Act and the North East', Erroll memorandum to Cabinet, 'The Local Employment Act and the North East', 10 April 1963; PRO PREM 11/4207: Macmillan – Maudling meeting, minutes, 18 April 1963

<sup>237</sup> *Public Acts and Measures* (1963), Ch. 18, pp284-5: Local Employment Act 1963, 10 July 1963; PRO BT 177/2042: Fisher, BOT, London, to Regional Controllers, 'Local Employment Act', April 1963; *House of Commons debates*, vol. 675, col. 482: Maudling Budget statement, 3 April 1963

<sup>238</sup> PRO CAB 134/1700: Noble memorandum to EPC, 'The economy of central Scotland - report by the Scottish Development Group', 18 June 1963

<sup>239</sup> Cmnd 2206, *The North East: a programme for regional development and growth* (HMSO, London, November 1963), p. 26



endorsed by first the EPC, and then the full Cabinet, in June and July 1963.<sup>240</sup> They were to become the foundation for the twin White Papers, or 'programmes for development and growth', of November 1963. Investment in the North East was to be concerted on a similar basis to that in Scotland, with the planned road programme for 1964-69 nearly doubled from £50m to £108m.<sup>241</sup>

The growth point plan also reflected BOT's opposition to a return to 'development area' policies, emanating from the Scottish Office and the Office of the Lord President. Instead of scheduling the whole of Central Scotland and the North East of England, the Government was to concentrate on infrastructure (especially transport) projects to aid the development of promising growth points. Erroll referred to this in the EPC as a 'compromise formula', under which BOT would not insist that districts with falling unemployment be immediately taken off the list of scheduled areas, but would not on the other hand initiate any overall spread of development district status.<sup>242</sup> There was certainly no mention in the 1963 Local Employment Act of any change in policy, aside from granting the BOT powers to complete projects they had already agreed on even if a district stopped counting for regional aid under the 1960 Act.<sup>243</sup> Aside from the emphasis on infrastructure and communications, the most that can be said for the Government's change of heart was that wider areas were scheduled for help.

However, this did not mean that 'regional planning' was an illusion, or that there had not been a significant shift in government policy, which has to be seen

---

<sup>240</sup> PRO CAB 134/1697: EPC minutes, 26 June 1963; PRO CAB 129/114: Maudling memorandum to Cabinet, 'Central Scotland and the North East of England', 22 July 1963; PRO CAB 128/37: Cabinet minutes, 25 July 1963

<sup>241</sup> Cmnd 2206, *The North East: a programme for regional development and growth* (HMSO, London, November 1963), p. 21; Cmnd 2188, *Central Scotland: a programme for development and growth* (HMSO, Edinburgh, November 1963), pp. 9-10

<sup>242</sup> PRO CAB 134/1697: EPC minutes, 23 September 1963

<sup>243</sup> *Public General Acts and Measures* (1963), ch. 19, p. 285: Local Employment Act, clause 3; *House of Commons debates*, vol. 685, cols. 989-90: Heath, regional development debate, 3 December 1963

within the context of PESC and Clarke's emphasis on 'long term planning'.<sup>244</sup> Treasury Ministers and officials were concerned about the rising costs of social welfare provision associated with 'overcrowding' in the South East; Clarke summed up this view when he argued that an 'even level' of employment would 'enable... us to run the economy at a lower level of pressure without being pressed to inflate'.<sup>245</sup> The Committees on Population and Employment, and on Regional Development, were supposed to help bring together work from all departments on the balance of industry, population and investment across the country. Many measures proposed in that Committee – for instance, controls on office building in the South East, proposed by Keith Joseph as Minister for Housing – were too controversial to be implemented.<sup>246</sup> However, these committees did perform the useful function of forcing Ministers to consider how their plans fitted together.

MHLG work on housing and population needs for the South East – incorporated in the *South East study* – was supposed to fit together with the designs for the North East and Central Scotland to form a scheme for the entire country.<sup>247</sup> Here as in the field of public spending, Ministers were 'faced everywhere with a growing population... and with a movement towards the Midlands and the South East'.<sup>248</sup> Though it could not *prevent* this drift, official action could at least *direct* the population pressure, to those regions' own 'growing points'.<sup>249</sup> Furthermore, as the official and Ministerial Committees worked on preparing the South East study as a White Paper for public consumption, they were forced to consider how their plans for

<sup>244</sup> PRO T 320/72: Clarke memorandum, 'Modernisation of Britain', 14 January 1963; PRO T 224/1069:

Armstrong to Clarke, 6 November 1963

<sup>245</sup> PRO T 325/89: Treasury Ministers' meeting with Padmore, Clarke and Vinter, 'Population distribution and regional planning', minutes, 9 January 1962; PRO T 224/1069: Clarke to Padmore, 'Committee on Population and Employment', 24 July 1962

<sup>246</sup> See below, chap. V; also PRO CAB 134/2398: Secretaries' memorandum to Official Committee on Population and Employment, 'Restriction of industrial expansion in South East England: a reappraisal', 22 August 1962

<sup>247</sup> MHLG, *The south east study 1961-1981* (HMSO, London, 1964), pp. 8-12, 14

<sup>248</sup> PRO PREM 11/4519: Erroll to Macmillan, 22 October 1962

<sup>249</sup> PRO CAB 134/2397: Committee on Population and Employment, minutes, 25 January 1963

the South East fitted together with employment and population trends for the rest of the country.<sup>250</sup>

Indeed, alarmed by Joseph's estimates of population movement into the South East, Heath as Secretary of State for Regional Development attempted to delay and amend publication of the White Paper's estimate of 3.5 million more people in the South East by 1981.<sup>251</sup> It was only after Heath was assured that it would be five years at least before the 'growth points' in the South East were ready to receive population and industry, and reference to the regional problems of the North East and Central Scotland was included in the draft, that the problem was resolved.<sup>252</sup> The White Paper *London: housing, employment, land*, published in March 1964, therefore made clear that the 'special needs of individual regions' had to 'be identified and a proper national balance achieved and maintained'.<sup>253</sup> Influenced by the controversy that had proceeded its publication, this document was a rather weak affair, and fully bore out one official's verdict: 'we have still to devise a distribution of industry policy which will at one and the same time enable us to let industry go from London to these places without starving the development areas in the North'.<sup>254</sup>

Having flirted with a *laissez faire* approach in the 1950s, Ministers had gradually returned to a fully-fledged regional policy. They embarked on a fairly orthodox selective intervention in 1962-63, but they also went further than any previous Conservative Government in pursuit of a total national solution, with ambitious 'regional plans' covering population, industry and housing in every area of the country. But Macmillan and his colleagues had done this, not out of ideological conversion, but because they did not wish to pay what they considered would be the

---

<sup>250</sup> PRO CAB 134/2399: MHLG memorandum to Official Committee on Population and Employment, 'South East Regional Study: employment', 2 May 1963

<sup>251</sup> PRO CAB 134/2346: Committee on Regional Development, 2nd meeting, minutes, 18 December 1963, 22 January 1964; PRO T 224/1070: Morton report, 'South East Regional Study: discussion in Committee on Regional Development', 18 December 1963

<sup>252</sup> PRO CAB 134/2346: Committee on Regional Development, 4th meeting, minutes, 30 January 1964

<sup>253</sup> Cmnd 2308, *South East England* (HMSO, London, March 1963), p. 8

<sup>254</sup> PRO T 224/1071: Petch to Burrett, 'Regional Development Committee: the South East', 21 January 1964

political cost of mass unemployment. This held back their full re-conversion to the Development Area policy of 1945-51, as their acceptance of the development needs of the South East over the foreseeable future showed. The Labour administration of 1964-70 would show far more enthusiasm for regional policy.

*The impossible legacy*

By 1963/64, many of the 'new approach' initiatives had clearly run into the ground. The NEDC's industrial inquiries had provided useful research materials, but investigations at the level of individual industries had hardly begun. The attempt to run economic policy through a grand 'social bargain' had failed, partly because the Government was itself confused as to its aims, and partly because the participants' views were fundamentally incompatible. The return to regional planning appeared to have been more successful, but increased infrastructure investment would take years to bear the fruit of economic progress, if any were in fact forthcoming. The expansion of public expenditure, ostensibly for 'economic' purposes, was threatening to run out of control. The divide between 'planners' who believed in increasing efficiency through mutual industrial co-operation, and those in government who believed in a more *dirigiste* and interventionist approach, remained unresolved.

Most worryingly, the overarching objective – to secure a higher growth rate, without running into the balance of payments constraints of 'stop-go' – appears to have been jettisoned for yet another 'go' phase. Without any evidence of rising productivity, the Government expanded the economy, through both fiscal and monetary means, and by the time of the General Election of October 1964, the familiar consequences were apparent. Although growth was abating from an unsustainable 6% per annum, and had settled down to the 'target' 4%, forecasts for the balance of payments were for unprecedented deficits, perhaps up to £600m on an annual basis, in the winter of 1964-65.<sup>255</sup> Maudling attempted to hide this at a meeting with his putative successor James Callaghan in June 1964, but Callaghan rightly suspected that the situation was far worse than was being presented.<sup>256</sup> Consequently, Labour would inherit the worst of all Sterling crises to date.

<sup>255</sup> PRO CAB 128/38: Cabinet minutes, 16 July 1964, 18 August 1964; PRO CAB 134/1808: Cairncross memoranda to EPC, 10 April 1964, 7 August 1964, 7 October 1964

<sup>256</sup> K. Morgan, *Callaghan: a life* (Oxford UP, Oxford, 1997), pp. 188-9

### III

#### LABOUR'S NATIONAL PLANS 1964-70

This is the time for change, dynamic, exciting, thrilling change. And the first decision we must take is to change the direction of our national life.

-Harold Wilson, May 1963<sup>1</sup>

#### *The 'true alternative'? Economic management in crisis, 1964-70*

Although Labour hoped to achieve faster and more consistent growth, their hopes were to be disappointed. In fact, the weary cycle of expansion and contraction was repeated, only this time in a more acute fashion. The new government was overwhelmed by a series of Sterling crises, each more severe than the last, until it was forced off parity and thereafter obliged to run the economy at a lower pressure of demand and with higher unemployment (*charts III.1-III.2*). Given Britain's parlous balance of payments position, the Government was continually forced to act against its instincts, under pressure from the IMF, the US, and the financial markets. The series of deflationary packages can be followed in *table III.1*, coming at times of Sterling crises, most notably July 1965, July 1966, and January, March and November 1968. However, these initiatives were supposed to be temporary, and Ministers looked forward to a time when they would no longer be necessary. Wilson lost no chance to promote 'selective reflation', and even as Britain's credit lines were running out in the summer of 1967 promoted a less stringent policy.<sup>2</sup>

The logic behind these policies was that the payments situation would improve, given the Government's economic policies, and that it was necessary only to stave off crises until the improvement occurred. Essentially, management would buy time for planning. It would be supplemented by a number of other expedients. The new Prime Minister was beguiled by physical control measures, which Balogh (who originally opposed devaluation) called the 'third way', a 'true alternative to both

---

<sup>1</sup> PPB, 8 May 1963: Wilson, *Purpose*, p. 249

<sup>2</sup> PRO PREM 13/1405: Wilson memorandum, 'Comments on Sir William Armstrong's Report and comments on timing', 9 August 1967, Wilson/ Callaghan conversation, minutes, 18 August 1967

deflation and devaluation'.<sup>3</sup> 'Administrative measures', such as Wilson's 28-point programme outlined to the Balance of Payments Committee in July 1965, would in this view at least buy the Government a breathing space.<sup>4</sup> On their first full day in office, Ministers decided to impose a 15% import surcharge. £70m worth of tax relief for exporters was also announced in January 1965. This caused a furious row within EFTA, other members arguing that this was illegal under the Stockholm Convention. The Government was forced to promise abolition 'in a matter of months'.<sup>5</sup> The surcharge was therefore relaxed in April 1965, and allowed to lapse in November 1966. The export rebate was abolished at the time of devaluation.

The Government's Investment Grants scheme, with 20% grants (40% in the new Development Areas) replacing tax relief for investment, was also intended to act as a 'concealed subsidy' to visible exports, since it was only paid to manufacturers.<sup>6</sup> The Selective Employment Tax, introduced in the 1966 Budget, can be seen in a similar light. On the surface, SET was designed to 'redress the balance' between services and manufacturing, by collecting SET per employee from both, but refunding manufacturers, with a premium on top: for men over 18, manufacturers would pay 25s per week in SET, but receive 32s 6d, plus the refund, in return.<sup>7</sup> This rested on Kaldor's 'Verdoorn Law' theory – that productivity in manufacturing rose faster than

---

<sup>3</sup> PRO PREM 13/253: Balogh to Wilson, 'Balance of payments measures', 29 June 1965; PRO PREM 13/272:

Balogh to Wilson, 16 July 1965

<sup>4</sup> PRO CAB 130/237: Wilson memorandum to MISC 69, 'Thoughts on the economic situation', 6 July 1965, MISC 69, minutes, 12 July 1965; ACD, 13 July 1965: Cairncross, *The Wilson years: a Treasury diary 1964-69* (Historians' Press, London, 1997), p. 67

<sup>5</sup> PRO PREM 13/32: brief for Wilson, 24 October 1964; PRO T 312/1240: Customs and Excise memorandum for Callaghan, 'Export rebates', 22 December 1964; H. Parr, 'The Wilson government, Whitehall and policy towards the European Community 1964-1967', University of London PhD thesis (forthcoming), chapter II, pp. 3-4; Zeigler, *Wilson*, p. 192

<sup>6</sup> PRO EW 24/19: Brittan to Stewart, 8 January 1965, Secretaries' memorandum to Fiscal Incentives Committee, 'Fiscal incentives for exports', 3 February 1965; PRO CAB 130/204: Trend memorandum to MISC 1, 'Investment incentives', 21 December 1965; PRO CAB 130/202: MISC 1 minutes, 22 December 1965

<sup>7</sup> Cmnd 2986, *The selective employment tax* (May 1966), pp. 3-4, *Public general acts and measures 1966*, c32, pp. 544-6: Selective Employment Payments Act, 9 August 1966

that in services, and if manufacturing was encouraged, overall productivity would therefore rise more quickly.<sup>8</sup> However, in Kaldor's own words, the tax would 'achieve a reduction of the effective cost of British labour in terms of dollars [while avoiding] any direct subsidies [and] therefore *not* contrary to international obligations under... GATT'.<sup>9</sup> Although introduced in great haste to reduce demand by £200m in 1966/67, SET was also intended as another hidden subvention for exporters.<sup>10</sup>

Along with these measures, spending on export promotion, and the range and level of Export Credit Guarantees were successively increased.<sup>11</sup> Wilson also asked, as had Macmillan, for a system of import licensing to be prepared in 1965, and draft legislation was prepared: they would at least have had the advantage that they were not illegal under GATT and EFTA.<sup>12</sup> The work took on a new seriousness at the time of the July 1966 measures, and two schemes for issuing licenses only for 50% or 75% of the 1964 level of imports were developed.<sup>13</sup> In its eventual form as the 'Orestes plan', quantitative restrictions were brought to final readiness in March 1969, though as the balance of payments gradually improved in that year, it was never implemented (*chart III.1*).<sup>14</sup> However, import deposits were eventually imposed in November 1968,

---

<sup>8</sup> Kaldor, *Causes*, pp. 25-6, 30; PRO EW 24/20: Kaldor memorandum to Fiscal Incentives Committee, 'The effects of differential payroll taxes and subsidies on productivity', 5 May 1965

<sup>9</sup> Kaldor memorandum, 'Tax Instruments for Adjusting Balance of Payments', 25 October 1964: A. Blick, 'The role of special advisors in the first Wilson Government, 1964-70', University of London PhD thesis (forthcoming), chapter IV, p. 67

<sup>10</sup> A. P. Thirlwall, *Nicholas Kaldor* (Wheatsheaf, Brighton, 1987), p. 242; Brittan, *Steering*, p. 210

<sup>11</sup> Wilson, *The Labour government 1964-1970: a personal view* (Weidenfeld & Nicolson, London, 1971), pp. 76-7; PRO PREM 13/281: Note for Wilson, 'Proposals so far submitted for the package statement', 7 January 1965; PRO CAB 130/238: Jay memorandum to MISC 69, 'ECGD bank guarantee facility', 15 July 1965; PRO CAB 130/237: MISC 69 minutes, 18 July 1965

<sup>12</sup> PRO CAB 130/237: MISC 69 minutes, 4 August 1965; PRO T 312/1813: Report of the DEA working party on the temporary import charge, 31 January 1966; PRO PREM 13/853: Jay to Wilson, 15 July 1966

<sup>13</sup> PRO CAB 128/41: Cabinet minutes, 20 July 1966; PRO PREM 13/1431: Brown to Wilson, 29 July 1966

<sup>14</sup> PRO CAB 130/497: MISC 205 minutes, 11 March 1969

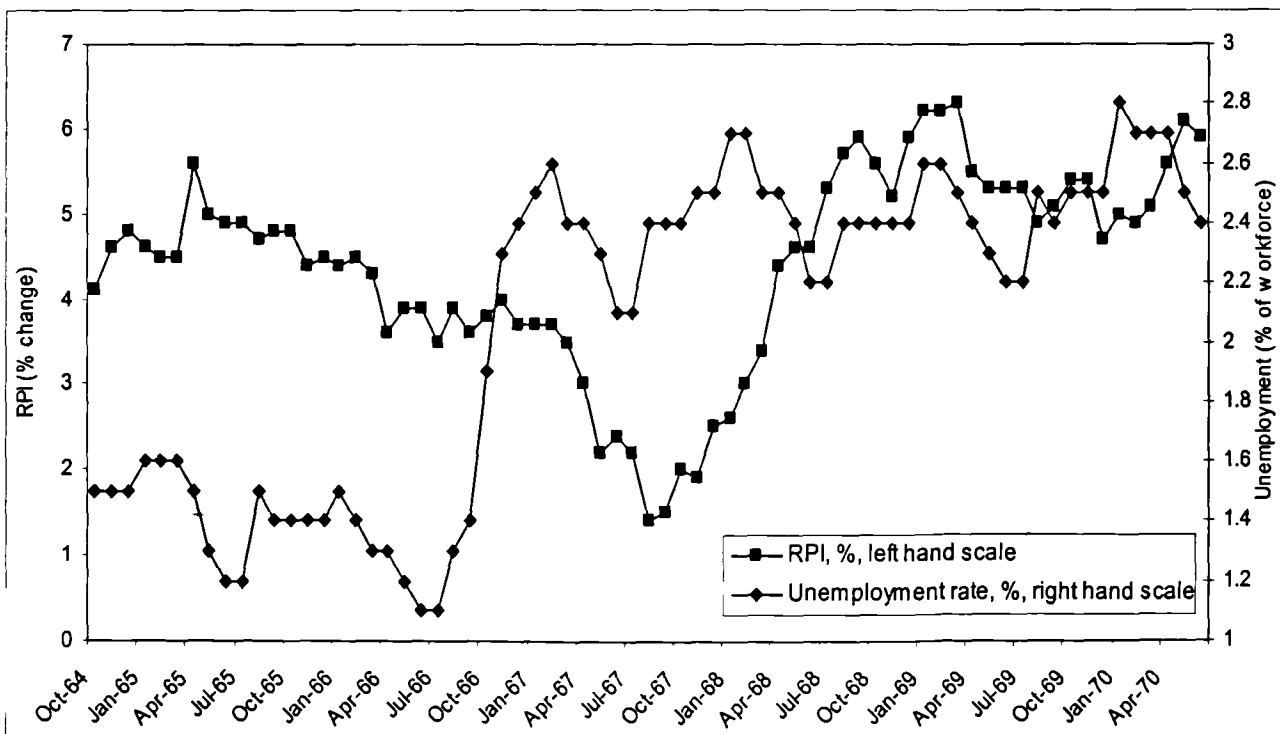
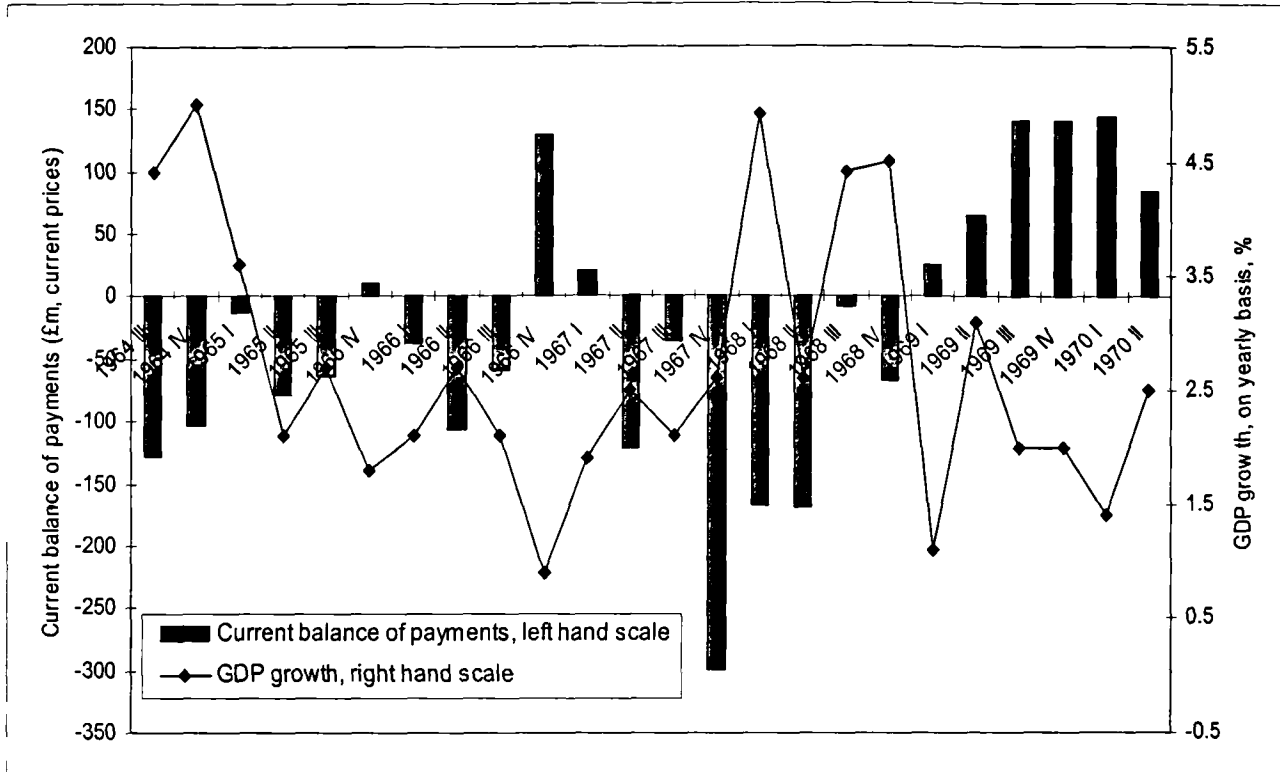


with 1/3 of importing industry having to deposit 50% of the value of those imports for six months in the UK.<sup>15</sup>

---

<sup>15</sup> R. Jenkins, *A life at the centre* (Macmillan, London, 1991), p. 263; PRO CAB 134/1737: EDC minutes, confidential annex, 13 September 1965; *House of Commons debates*, vol. 773, cols. 1793-6: Jenkins statement, 'International monetary situation, economic measures', 22 November 1968

Charts II.1, II.2. Economic indicators, 1964-70 (contemporary non-revised data)



Sources: Economic trends, UK balance of payments (various)

Table III.1. Macro-economic management, 1964-70

	<i>Bank rate</i>	<i>Notable Budgetary/ fiscal changes</i>	<i>Other measures</i>
1964	Nov. – from 5% to 7%	Nov. – rise in Income Tax, oil duty, National Insurance contributions, along with pensions and NI benefits. Net tax increase of £210m.	Oct. – 15% surcharge on imports of manufactures
1965	June – 6%	Apr. – Corporation Tax and full Capital Gains Tax details announced. Rises in indirect taxes on drink, tobacco and vehicle licenses. Net tax increase of £422m	Apr. – call for 1% Special Deposits from the banks. Import surcharge reduced to 10%. May – bank advances ceiling fixed at 5% growth over year July – six months moratorium on government capital contracts, exempting schools, hospitals, housing. Hire purchase repayment period shortened from 3 years to 30 months.
1966	July – 7%	May – Selective Employment Tax on service employment with manufacturing rebates. Net tax increase of £386m for 1966/67, £285m in 1967/68.	Feb. – HP controls increased again. July – 10% Regulator on indirect taxation imposed for one year. HP tightened. Special Deposits increased. Nov. – Import surcharge lifted.
1967	Jan. – 6.5% March – 6% May – 5.5% 9 Nov. – 6% 18 Nov. – 8%	May - 'Standstill' Budget. Net tax decrease of £14m.	Apr. – some relaxation in HP terms (motorcycles) June – more HP relaxation (cars) August – more HP relaxation (furniture, appliances). Nov. – SET refund to manufacturers withdrawn; ceiling on bank advances imposed; Corporation Tax increased. HP terms on cars once more tightened.
1968	March – 7.5% Sept. – 7%	March - SET raised; indirect taxes on tobacco, drink, and vehicles, along with Customs Duties, again rise. Net tax increase of £923m.	May – Bank lending ceiling of 104% of November 1967 level imposed. Nov. – HP terms on cars, furniture tightened again. Indirect tax regulator of 10% imposed. 50% import deposits imposed.
1969	Feb. – 8%	March - Rates of Corporation Tax and SET again increased. Net tax increase of £368m.	June – Special Deposits interest to banks halved. Sept. – Banks asked to raise overdraft rates by 0.5%, to 1.5% over Bank Rate.
1970	March – 7.5% Apr. – 7%	Apr. - Income Tax threshold increases and Surtax decreases. Net tax decrease of £285m.	Nov. – Import Deposits to 40%. Apr. – SET premium to DAs abolished, leaving only REP. Special Deposits increased. Sept. – Import deposits to 30%.

Sources: *Economic trends* (various); CCAC CLRK 1/2: Budget notes, 1964/66; Cairncross & Eichengreen, *Decline*, pp. 177, 182; Blackaby, *Policy*, pp. 31, 35, 43, 51, table 4.2, pp. 156-7; Brittan, *Steering*, pp. 198, 215; *NIER* (Feb. 1966), pp. 5-6, (May 1966), pp. 5-6, 17-19, (August 1966), pp. 6-9, (Feb. 1967), pp. 4-6, (Feb. 1968), pp. 7-11, (Feb. 1969), table 1, p. 5, (Feb. 1970), table 1, p. 5, (Feb. 1971), table 1, p. 5.

Attempts were made, with some short-term success, at strengthening Sterling through direct action. Capital controls were tightened, with successive reductions in the amounts businessmen and tourists could take abroad, and for the first time, a Voluntary Programme of investment restraint in the Sterling Area, which would see capital investment vetted by the Bank of England.<sup>16</sup> Short-term fluctuations in the currency holdings of Sterling Area governments were reduced through the Basle agreements of June 1966. This was extended in June 1968, putting a \$2bn credit from twelve leading industrialised countries at Britain's disposal to cover short-term losses, accompanied by pledges from Sterling Area countries to hold certain guaranteed levels of Sterling.<sup>17</sup> A number of last-ditch crisis measures were prepared. These included taking over private portfolio investments, extending statutory capital controls to the Sterling Area, and blocking the Sterling balances. But ultimately capital controls could not suffice in holding the Pound's parity, if the current balance continued in deficit.

Devaluation was one alternative, though not one without pain: this was ruled out on the Friday night after Wilson entered No. 10, at a meeting with Callaghan as Chancellor, and Brown. Unwillingness to make Labour the party of the 'weak pound', the American link, a desire to protect Commonwealth Sterling holders, and a belief that devaluation was no panacea in any case, were at the heart of this decision.<sup>18</sup> Although Wilson attempted to ban discussion of devaluation, and insisted on the destruction of official papers dealing with it, the possibility of devaluation lingered on, until it became unavoidable in November 1967. The Treasury set up its 'forever

---

<sup>16</sup> Cairncross, *Managing*, p. 112; on the Voluntary Programme PRO PREM 13/829: Callaghan to Wilson, 'Control over capital exports', 25 April 1966; PRO T 295/92: Bancroft to Goldman, 'Capital exports', 26 April 1966; PRO T 295/94: Callaghan circular to companies, 9 May 1966; PRO T 295/151: Rawlinson to Hubback, 'Paper for Chancellor on voluntary programme', 12 October 1966, Hubback to Rickett, 'Progress report on the voluntary programme', 13 October 1966

<sup>17</sup> Cmnd 3787, *The Basle facility and the Sterling Area* (October 1968), *passim*

<sup>18</sup> Wilson, *Governments*, pp. 5-7; S. Crosland, *Tony Crosland* (Cape, London, 1982), p. 125; D. MacDougall, *Don and mandarin: memoirs of an economist* (John Murray, London, 1987), pp. 152-3; E. Roll, *Crowded hours* (Faber & Faber, London, 1985), p. 158; Cairncross, *Managing*, p. 94; T. Bale, 'Dynamics of a non-decision: the "failure" to devalue the Pound 1964-67', *TCBH* 10, 2 (1999), pp. 197-203

unmentionable' committee, bringing in the DEA and the Bank of England, which drew up a 'war book' of practical arrangements for devaluation.<sup>19</sup> By summer 1965 all the Government's Special Economic Advisers were in favour of devaluation, along with a vocal minority in Cabinet, including Brown.<sup>20</sup> They mounted their strongest challenge in July 1966, taking advantage of Callaghan's short-lived indecision on the issue, with one of Brown's temporary resignations the result.<sup>21</sup> The hopes invested in direct intervention, however, were decisive – along with the dissenters' own divisions – in allowing Wilson successfully to oppose this until it was forced upon him.

By November 1967 the continuing current imbalance, the French insistence that Britain would have to devalue before joining the EEC, and the stern conditions that would inevitably come with new international loans, became too much. Devaluation of Sterling from \$2.80 to \$2.40 was announced.<sup>22</sup> The existing loans were close to exhausted, without faster growth and a markedly better balance of payments having been achieved.<sup>23</sup> More fundamentally, the Government had been the victim of the slow break-up of the Bretton Woods currency system, which had pegged most major currencies together since convertibility returned in the 1950s.<sup>24</sup> This was the main reason the Americans tried to support Sterling during 1965-66: as a first line

---

<sup>19</sup> PRO T 312/1635: Devaluation 'war book', July 1965; PRO T 312/1398, 1401: FU minutes, 1965, *passim*; PRO T 312/1636: FU minutes, 1966, *passim*; PRO PREM 13/255: Stewart to Balogh, 22 July 1965

<sup>20</sup> PRO EW 28/4: Brown to Wilson, 23 July 1965; PRO PREM 13/255: MacDougall, Balogh, Neild, Kaldor, 'Economic situation', 23 July 1965; PRO PREM 13/850: Balogh, Neild, Jukes to Wilson, 'Economic measures', 8 January 1966; Zeigler, *Wilson*, p. 255

<sup>21</sup> PRO CAB 128/46: Cabinet minutes, confidential annex, 19 July 1966

<sup>22</sup> Wilson, *Governments*, pp. 447-455; K.O. Morgan, *Callaghan: a life* (Oxford UP, Oxford, 1997), pp. 268-73; ACD, 13 November 1967: Cairncross, *Diary*, p. 244

<sup>23</sup> PRO T 318/190: Hubback to Baldwin, 'The length of our tether', 16 October 1967; ACD, 2 November 1967: Cairncross, *Diary*, p. 242

<sup>24</sup> B. Tew, *The evolution of the international monetary system 1945-85* (3<sup>rd</sup> edn., Hutchinson, London, 1985), pp. 145-50; W.M. Scammell, *International monetary policy: Bretton Woods and after* (Macmillan, London, 1975), pp. 218-20, 140-7; J. Foreman-Peck, *A history of the world economy* (Prentice Hall, Hemel Hempstead, 1995), pp. 297-9, 305-7; M.G. de Vries, *The IMF in a changing world* (IMF, Washington, 1986), pp. 75-9, 90-3

of defence for the Dollar, and to help ward off its collapse as the world reserve asset, and its replacement by the French scheme for a new Currency Reserve Unit.<sup>25</sup>

Lack of confidence in the Dollar was particularly acute during the March 1968 gold crisis, during which gold trading in the UK and US had to be suspended: this caused Sterling to come very close to a second devaluation, as it seemed for a few days as if the US would float the Dollar. This crisis was the closest the British ever came to implementing their crisis contingency plans for floating the Pound, seizing Sterling assets in London and blocking payment from the Sterling balances – and also the occasion of Brown's final and irrevocable resignation, accusing Wilson of deliberately excluding him from decision-making.<sup>26</sup>

In the event, the US adopted a dual price system, offering the Bretton Woods rate of \$35 per ounce of gold only to central banks: though the British thought this unstable and unlikely to last, the moment of maximum danger had passed, and the improvement in Britain's current balance thereafter was enough to prevent another devaluation, especially since she had secured another \$1.2bn in credits from the Gold Pool countries, bringing her total potential support to \$4bn.<sup>27</sup> To some extent, then, Labour had been unlucky – it had come to power at a time of crisis for the stability upon which the post-war boom was based, and this had subverted their desire for faster, directed growth. But 'planning' also had internal contradictions and inadequacies, and to these we now turn.

---

<sup>25</sup> *ibid*, also PRO PREM 13/252: Wilson/Johnson meeting, minutes, 7 December 1964; PRO CAB 130/203: Trend memorandum to MISC 1, 'International liquidity', 26 May 1965; PRO CAB 130/202: MISC 1 minutes, 24 June 1965

<sup>26</sup> PRO CAB 128/46: Cabinet minutes, confidential annex, 15 March 1968; PRO PREM 13/2051: Balogh to Wilson, 16 March 1968; Wilson, *Governments*, pp. 508-10; P. Paterson, *Tired and emotional: the life of Lord George-Brown* (Chato & Windus, London, 1993), pp. 247-53

<sup>27</sup> PRO CAB 130/497: MISC 205 minutes, 17 March 1968; PRO PREM 13/2051: Wilson to Johnson, 18 March 1968; PRO CAB 128/46: Cabinet minutes, 18 March 1968; Jenkins, *Centre*, pp. 241-3

*'Pretty worthless': the National Plan and after*

'Planning' had been on Labour's agenda throughout their Opposition years, though the word had subtly and gradually changed its meaning. *Challenge to Britain*, their 1953 policy statement, recommended specific investment targets for each industry, which could be enforced by the government.<sup>28</sup> Capital and price controls, and powers over the allocation of raw materials, would all be retained.<sup>29</sup> Even Gaitskell and the Right, although lukewarm about *Challenge to Britain*, were in favour of such measures – partly because the document was silent about the Bevanite proposal for a National Investment Board to buy up shares in large companies to further control over investment.<sup>30</sup> However, by the 1955 Election Gaitskell had already achieved the downgrading of 'planning', fearing that *Challenge to Britain* promised too many incompatible achievements. After the Election, Gaitskell as leader ordered a complete review of these policies.<sup>31</sup>

This policy review, with Bevan fully involved following his truce with the Right, culminated in the acceptance of *Industry and society* at the 1957 Conference.<sup>32</sup> The statement was mainly concerned with a new direction on nationalisation, replacing the Morrisonian corporation with state 'participation' through share purchases by Labour's proposed National Superannuation pension scheme. However, since the document admitted that classical nationalisation had partly been undertaken

<sup>28</sup> C.A. Torrie, 'Ideas, policy and ideology: the British Labour party in opposition 1951-59', Oxford University D.Phil. thesis (1997), p144; P. Williams, *Hugh Gaitskell* (OUP, Oxford, 1979), pp. 316, 318; UCL library, Gaitskell papers, box C92: '*Challenge to Britain* - more planning please!', article for *Leeds Weekly Citizen*, MS notes, 22 July 1953

<sup>29</sup> Labour Party, *Challenge to Britain* (1953), p. 21

<sup>30</sup> M. Foot, *Aneurin Bevan* (Paladin, St Albans, 1975), vol. II, pp. 404-5

<sup>31</sup> Torrie, 'Ideas', 1997, p. 145; M. Donnelly, 'Labour Politics and the affluent society, 1951-1964', University of Surrey Ph.D. thesis (1994), p. 93

<sup>32</sup> D. Jay, *Change and fortune* (Hutchinson, London, 1980), pp. 263-4; L. Minkin, *The Labour Party Conference* (Allen Lane, London, 1978), p. 95; S. Haesler, *The Gaitskellites* (Macmillan, London, 1969), pp. 107-8, 141; N. Thompson, *Political economy and the Labour Party: the economics of democratic socialism* (UCL Press, London, 1996), p. 179

to 'facilitate central economic planning', the change could not but have implications for general economic policy.<sup>33</sup> This led on to *Plan for progress*, Labour's 1958 policy document that showed how far actual government controls had been downgraded. Although general investment *aims* were invoked, no machinery was mentioned, and only a vague promise that 'measures can be taken to retard or accelerate' investment was given. The only actual measures that were mentioned were building controls. A place was found for monetary policy, the relaxation of which would aid investment, and there was a specific pledge that 'planning does *not* mean a return to detailed controls'.<sup>34</sup>

Since the emphasis on direct controls and 1940s-style nationalisation had been jettisoned, Labour had to look for a new policy framework. This they found in indicative planning. The idea was seized on as a compromise between Keynesians and nationalisers in the Party, and had been implicit in the more radical parts of Peter Shore's drafts of *Industry and society*, focussing in Galbraithian terms on the 'irrelevance' of the private shareholder, and the need for government intervention.<sup>35</sup> The re-evaluation culminated in *Signposts for the sixties*, which outlined a National Industrial Planning Board that 'would work out the expansion plans of the basic sectors of the economy and see that the resources are there to meet them'. The idea of channelling pension funds into more government ownership was retained, though the creation of *new* government enterprises, in technologically advanced sectors, was now to be the focus of these efforts. This expansion, and new investment incentives, rather than the actual direction of resources or old-fashioned nationalisation of staple industries, were the means by which Labour would direct the economy.<sup>36</sup> This was at the heart of Wilson's 'white heat' speech in 1963.<sup>37</sup>

---

<sup>33</sup> Labour Party, *Industry and Society* (1957), pp. 7-8, 40

<sup>34</sup> Labour Party, *Plan for Progress* (1958), pp. 8-9, 12-13, 16

<sup>35</sup> Author interview, Lord Shore, 10 October 2000; Labour Party, *Industry and Society*, pp. 11-14

<sup>36</sup> Labour Party, *Signposts for the Sixties* (1961), pp. 13, 15-16; Thompson, *Economics*, p. 183

<sup>37</sup> TBD, 1 October 1963: Benn, *Wilderness*, p. 66; R. Miliband, *Parliamentary socialism* (Merlin, London, 1972), p. 353



Labour was naturally attracted by the possibility of faster growth, for with 'economic expansion providing more available for sharing out' they could begin both more generous social programmes and looser incomes policies. The 'optimism' that would allow 'the plan to carry itself out' would be achieved through new machinery, partly by new tripartite Industrial Planning Councils in each sector of industry.<sup>38</sup> Above this, Balogh and others proposed, there would be a whole new 'Ministry of Expansion or Production' that might relegate the Treasury to a mere 'Bureau of the Budget'.<sup>39</sup> Douglas Jay opposed such ideas, seeing them as a repeat of the 'discredited muddle' of 1947-48; but Wilson initially saw in them a potential to make No. 10 more powerful through arbitration between the Treasury and a Ministry of Production, and latterly as a safe berth for George Brown.<sup>40</sup> The Head of the Home Civil Service, Sir Laurence Helsby, held talks with the Opposition on such a Ministry from May 1963, and Labour began to speak publicly about a 'Ministry of Planning' from the autumn 1963.<sup>41</sup>

This foreshadowed the creation of a new department – the Department of Economic Affairs, with Brown as First Secretary of State, effectively Deputy Prime Minister, and chair of the Economic Development committee of Cabinet. Although its centrepiece would be a five-year National Plan for the economy, it had a range of other responsibilities in the broad field of the 'real economy'. DEA was originally organised into five divisions: Internal economic co-ordination, working on public expenditure and incomes policy; External economic co-ordination, on long-term trade and the balance of payments; Industrial policy, on productivity; Regional policy, on the distribution of industry; and finally Economic planning, which worked on the National Plan.<sup>42</sup> As the DEA lost influence, this was narrowed down to Regional

---

<sup>38</sup> HABLP LPRD memoranda, I, IL/RD 427: LPRD memorandum to Finance and economic policy sub-committee, 'Outline of requirements of economic planning', March 1963; LPA NEC sub-committee files: Finance and economic policy sub-committee, minutes, 19 April 1963

<sup>39</sup> TBD, 25 May 1963: Benn, *Wilderness*, p. 25

<sup>40</sup> Jay, *Change*, p. 295

<sup>41</sup> C. Clifford, 'The rise and fall of the Department of Economic Affairs, 1964-69: British Government and indicative planning', *Contemporary British history* 11, 2 (1997), pp. 97-9

<sup>42</sup> Leruez, *Planning*, pp. 132-4

policy, Industrial policy, General planning, External policies and Information. The External policy division was abolished when Wilson took over direct responsibility in October 1967.<sup>43</sup>

The DEA was designed to be a new type of department, free of traditional thinking, working from scratch. This would help secure industrial agreement to Labour's 'planned growth of incomes', among other objectives.<sup>44</sup> A number of industrialists were brought in as Industrial Advisers, as well as economists and outside experts: Fred Catherwood went to the DEA from Tube Investments as Chief Industrial Adviser, and Shanks, Robert Neild and Samuel Brittan were also recruited. There was initially a period of tremendous excitement, even elation, at the entry of the 'irregulars' into government service. This industrial side to its work was the reason that the Secretary of State at DEA became chairman of NEDC, in place of the Chancellor, until Wilson took charge personally.<sup>45</sup>

The DEA had a series of successes to begin with. Most notably the 'Joint Statement of Intent' on prices and incomes, signed by employers, unions and government on 17 December 1964, promised that all three would 'raise productivity and efficiency so that real national output can increase, and to keep increases in wages, salaries and other forms of incomes in line with this increase'.<sup>46</sup> This was more than the Conservatives had managed, though as Brown told his staff, 'we must not delude ourselves that this statement represents anything more than a first step along a very difficult road'.<sup>47</sup> To reach agreement, Brown had made a series of tortuous compromises, promising Woodcock that there would be no 'freeze', that prices and dividends would be included in the policy, and that the Government's new

---

<sup>43</sup> DEA, *Progress Report* (July 1967), pp. 1-2; *ibid* (December 1967), p. 5

<sup>44</sup> K. Coates, *The crisis of British Socialism* (Bertrand Russell Foundation, Nottingham, 1971), p. 42

<sup>45</sup> Lord Rodgers, interview, 29 June 2000; Lord George-Brown, *In my way* (Penguin, Harmondsworth, 1971), pp. 95-6; MacDougall, *Mandarin*, pp. 150-1; Roll, *Crowded*, p. 154; Mueller, at ICBH Witness Seminar: Clifford & A. McMillan, 'Witness seminar: The Department of Economic Affairs', *Contemporary British history* 11, 2 (1997), p. 127

<sup>46</sup> Leruez, *Planning*, p. 165

<sup>47</sup> PRO EW 8/7: Brown memorandum, 'Productivity, prices and incomes', 10 December 1964

regional and welfare policies would be in line with TUC thinking.<sup>48</sup> He was also able to assure the CBI that incomes policy would be aimed at bringing wages in line with productivity, though he was careful to say that this would be the productivity norm over the medium-term in the forthcoming National Plan, which he expected to run at 3.5%-4%.<sup>49</sup>

Although Brown was able to reach agreement on machinery establishing a National Board for Prices and Incomes to adjudicate on the eventual 3-3.5% pay norm, and a general appeal for price stability, the divisions at the heart of prices and incomes policy had still not been resolved.<sup>50</sup> The policy did have some success. Placed under huge pressure from the Americans to secure wage restraint during the July 1965 Sterling crisis, Brown was able to secure agreement to a 90-day voluntary prices and incomes pause in August 1965.<sup>51</sup> This was followed by the CBI and TUC setting up 'early warning systems', under which a number of key prices and incomes would be referred to those bodies, for instance the TUC's new Incomes Committee. These were embodied in the famous Part II of the 1966 Prices and Incomes Act, which also gave the Government powers to delay settlements for three months while the NBPI considered them.<sup>52</sup> This would prove a hollow victory, and the first stage in

---

<sup>48</sup> UWMRC MSS 292B/560.1/9: TUC Economic committee minutes, 26 October 1964; PRO EEW 8/1: Brown to Woodcock, 24 November 1964

<sup>49</sup> PRO EW 8/7: DEA brief for Brown meeting with employers' organisations, 30 November 1964, fourth draft of Statement of Intent, 1 December 1964

<sup>50</sup> Cmnd. 2577, *Machinery of prices and incomes policy* (February 1965), pp. 2-4; PRO CAB 129/120: Brown memorandum to Cabinet, 'Prices and incomes', 23 March 1965; PRO CAB 128/39: Cabinet minutes, 25 March 1965; Cmnd. 2639, *Prices and incomes policy* (April 1965), *passim*

<sup>51</sup> PRO PREM 13/257: Wilson, Callaghan, Brown, Trend, Roll telephone conversations, 13, 17, 20 August 1965; Brown/ Bator telephone conversation, 26 August 1965; D. Kunz, "Somewhat mixed up together": Anglo-American defence and financial policy during the 1960s', *Journal of Imperial and Commonwealth history* 27, 2 (1999), p. 217; C. Ponting, *Breach of promise: Labour in power, 1964-1970* (Hamish Hamilton, London, 1989), p. 52; Ziegler, *Wilson*, p. 205

<sup>52</sup> *TUC Congress report 1965* (TUC, London, 1966), p. 473; Cmnd. 2808, *Prices and incomes policy: an 'early warning' system* (November 1965), *passim*; *Public Bills and minutes of proceedings 1965/66*, Prices and Incomes Bill, 8 December 1965

the disintegration of industrial co-operation. Woodcock had told the TUC Congress to agree to the voluntary machinery because there was 'not the remotest possible chance' of imposing the norm.<sup>53</sup> The new TUC committee, with no powers to challenge actual settlements, nodded most of them through. In its first six months, only fifteen out of three hundred unions submitting settlements were even called to give evidence.<sup>54</sup>

The Sterling crisis of July 1966 – which again brought American pressure for a wage freeze – forced the Government to bring in a statutory six months wage and price standstill.<sup>55</sup> This overrode Brown, who was only persuaded to stay by Bill Rodgers, his deputy at DEA, organising a hundred Labour MPs to sign a request to him to stay on.<sup>56</sup> But the 'planned growth of incomes', and part of the DEA's whole *raison d'être*, had been destroyed. Under a new Part IV for the Prices and Incomes Bill, the prices and incomes stop could be legally enforced through Orders in Council. Disastrously for 'planning', the TUC were only brought to 'acquiesce' in new government powers by Wilson's threat of 'swingeing and irreversible measures', including massive cuts in the social services, if he was rebuffed.<sup>57</sup> From this point on, the TUC and CBI disbelieved all the Government's talk of co-operation was as a matter of course.<sup>58</sup> This situation was not helped by the six months period of severe restraint that followed the freeze, during which only 'exceptional' pay and price

---

<sup>53</sup> W.A. Fishbein, *Wage restraint by consensus: Britain's search for an incomes policy agreement 1965-79*

(Routledge, Boston, Mass., 1987), p. 42

<sup>54</sup> PRO FG1/11: TUC representatives' memorandum to NEDC, 'Productivity, prices and incomes', March 1966

<sup>55</sup> PRO PREM 13/853: Fowler/ Callaghan telephone conversation, 15 July 1966; PRO CAB 128/41: Cabinet minutes, 20 July 1966; Cmnd 3074, *Prices and incomes standstill* (July 1966), *passim*

<sup>56</sup> Author interview, Lord Rodgers, 29 June 2000; Paterson, *Brown*, p. 190; TBD, 20 July 1966: Benn, *Wilderness*, p. 458

<sup>57</sup> PRO PREM 13/859: Wilson meeting with TUC Economic committee, minutes, 25 July 1966; UWMRC MSS 292B/560.1/12: TUC Economic committee, minutes, 25 July 1966

<sup>58</sup> e.g. UWMRC MSS 292B/560.1/13: TUC Economic committee minutes, 28 September, 12 October 1966; UWMRC MSS 200C/1/1/E/408.66: CBI *ad hoc* prices and dividends standstill committee minutes, 29 September 1966

increases would be allowed, nor the Government's threats widely to use the previous Part II powers even after the period of severe restraint.<sup>59</sup>

The TUC leadership had to reflect the increasing radicalisation of its member unions, given that for instance a 1967 Congress resolution, passed against Woodcock's advice, had rejected all prices and incomes policy.<sup>60</sup> Thus they refused this time to acquiesce, refusing to distinguish between Part II powers that could only run while the NBPI was considering a case, and wider powers to halt wage rises. This time, Wilson could not bring the TUC to co-operate, and although the CBI confined their objections to details, their membership was also at the end of its patience with 'permanent intervention in wage bargaining and price fixing'.<sup>61</sup> However, the Government proceeded to impose a 'nil norm' for wage and price increases, and more powers to delay settlements under Part II. The criteria for exemption (rising input prices or the need to raise capital for investment, for instance) returned to those of the April 1965 voluntary policy.<sup>62</sup> But Ministers were now proceeding alone, and without agreement: they had spent much political capital on this effort, and the hopes of the National Plan – 'real and lasting progress... based on consent' – were being frustrated.<sup>63</sup>

Furthermore, there were a number of problems with the basic DEA blueprint. The DEA was simply being asked to do too much, especially for its unpredictable Secretary of State, who also took an *ad hoc* interest in, for instance, European policy and Rhodesia.<sup>64</sup> The new Department also lacked executive power over many parts of

---

<sup>59</sup> Cmnd. 3150, *Prices and incomes standstill: period of severe restraint* (November 1966), pp. 6-8; UWMRC

MSS 292B/560.1/15: TUC Economic committee minutes, 8 February 1967

<sup>60</sup> Composite motion no. 10, *TUC Congress report 1967* (TUC, London, 1968), p. 536

<sup>61</sup> PRO PREM 13/1437: Wilson, Stewart, Gunter, Lee, meeting with TUC Economic committee, minutes, 28

February 1967; UWMRC MSS 200C/3/P2/10/13: Economic committee memorandum to General Council,

'Businessmen's anxieties', March 1967

<sup>62</sup> Cmnd 3235, *Prices and incomes policy after 30<sup>th</sup> June 1967* (March 1967), pp. 3-7; *Public general acts and measures 1967*, c53, pp. 10521-5: Prices and Incomes Act (no.2 ), 14 July 1967

<sup>63</sup> Cmnd 2764, *The national plan* (September 1965), p. 68

<sup>64</sup> Roll, *Crowded*, pp. 163, 172

its remit, for instance regional policy (where the BOT was responsible for investment grants) and industrial investment (where the Ministry of Technology had taken over technology and R&D policy).<sup>65</sup> DEA's links with other departments – and their willingness to co-operate – therefore became of prime importance.<sup>66</sup> Furthermore, having taken most of the NEDO staff into government service, the role of NEDC, and the co-operative work of employers and unions, seemed to have been downgraded, a development to which the CBI was opposed.<sup>67</sup> Thus DEA could not easily call on industry voluntarily to carry out reforms: all the emphasis was thrown on government policy.

Added to this was the conflict with the Treasury over the direction of economic policy. This was never fully resolved, though in theory DEA was responsible for the 'real economy' and economic forecasting, while the Treasury remained in charge of public expenditure, monetary policy and the short-run balance of payments. This 'concordat' was in fact virtually worthless, attempting to make a virtue of 'unity in diversity', and making clear that none of the allocations were 'absolute'.<sup>68</sup> Roll regarded it as a 'hopeless mish-mash', while Callaghan admitted that the Concordat represented 'a verbal truce rather than a true meeting of minds'.<sup>69</sup> It proved impossible to draw a clear line between long run planning and immediate economic necessity, for as MacDougall commented, 'the long run is a succession of short runs'.<sup>70</sup> It was these basic design faults that saw the DEA constantly downgraded, for instance losing day-to-day prices and incomes policy to the Ministry of

---

<sup>65</sup> C. Pollitt, *Manipulating the machine: changing the pattern of Ministerial departments 1960-83* (Allen & Unwin, London, 1983), p. 56

<sup>66</sup> Clifford, 'Department', pp. 103-4

<sup>67</sup> UWMRC MSS 200C/3/DG1/4: Brown to Davies, 17 February 1966; CBI memorandum to DEA, 'NEDC', 1 March 1966, Brown/ CBI meeting, minutes, 1 March 1966

<sup>68</sup> PRO CAB 129/119: Trend memorandum to Cabinet, 'Co-ordination between the Department of Economic Affairs and the Treasury', 16 December 1964

<sup>69</sup> Roll, *Crowded*, p. 152; J. Callaghan, *Time and chance* (Collins, London, 1987), p. 165

<sup>70</sup> Macdougall, *Mandarin*, p. 174; Cairncross, *Managing*, pp. 98-9

Labour in April 1966, European policy when Brown left in August 1966, and its remaining P&I responsibilities in April 1968.<sup>71</sup>

All these limiting factors were on display as DEA prepared the National Plan. Brown had initially wanted to publish in April 1965, and was restrained only by a chorus of dissent from Roll, Catherwood, and Austen Albu as Minister of State.<sup>72</sup> Armstrong and Vinter from the Treasury pointed out that reliable figures for 1970 and 1971, the end of the Plan period, could not yet be provided.<sup>73</sup> Brown was therefore forced to delay publication until the autumn.<sup>74</sup> But the emphasis on speed, even to the detriment of quality, remained. So did the fact that publishing a Plan was unavoidable given Labour's promises: as Trend told the Americans, 'to defer publication of a document which is now widely expected would be liable to be counter-productive in terms of confidence'.<sup>75</sup> MacDougall's deputy, John Jukes, admitted that 'in the rush to prepare the Plan... we necessarily left a large number of loose ends'.<sup>76</sup>

What was more, work on the Plan progressed on the basis of deciding the 4% growth rate *first* (to reach an overall figure of 25% growth by 1970) and *only then* deciding on measures to fit around the target. As one of the Economic Advisers argued, 'the provisional assumptions (especially the 25% figure) were adopted at far too early a stage... It was merely a hypothetical skeleton with political connotations. But once this had been constructed it developed a force of its own in that it became extremely embarrassing to alter a provisional assumption'.<sup>77</sup> Growth was at the heart of the Plan, to eliminate 'the slow rate of growth associated with alternating periods

---

<sup>71</sup> Clifford, 'Department', pp. 104-5; Pollitt, *Machine*, p. 53

<sup>72</sup> PRO EW 24/48: Albu to Brown, 8 March 1965, Brown meeting with officials, 'An outline of the economic plan', minutes, 11 March 1965

<sup>73</sup> PRO T 320/585: DEA/ Treasury meeting, 'The outline Plan White Paper', minutes, 18 March 1965

<sup>74</sup> PRO CAB 129/121: Brown memorandum to Cabinet, 'The outline plan', 30 March 1965; PRO CAB 128/39: Cabinet minutes, 1 April 1965

<sup>75</sup> PRO PREM 13/257: Trend to Bundy, 18 August 1965

<sup>76</sup> PRO EW 24/93: Jukes to Wiggins, 24 September 1965

<sup>77</sup> PRO EW 24/93: Goodhart to MacDougall, 'The strategy of planning', 7 September 1965

of boom and stagnation'.<sup>78</sup> But the chosen growth target – four per cent – was never accepted by the Treasury or BOT. They favoured a 'range' approach, perhaps of 3.25% to 4%, rather than a single target, with different scenarios laid out for each different growth rate.<sup>79</sup> The politics of the time was against them: given the Conservatives' commitment to 4%, Ministerial pressure was for a *higher* rate, not a lower range.<sup>80</sup>

The structure of the Plan owed much to the previous NEDO exercise, with an Industrial Questionnaire sent out to companies, asking them about their behaviour if the economy were to grow as desired. The Government also consulted trade associations, and those EDCs that had already been set up, on the same basis.<sup>81</sup> They were asked for their projections for employment, use of raw materials, investment, skilled manpower and training requirements, and the balance of imports and exports.<sup>82</sup> But the crucial mistake was to imagine that this was actually a guide *to what would happen*, rather than a statistical exercise: most industries took the 25% target at face value, as an increase in demand for their industry, as none could even begin to calculate how 4% p.a. *overall* would affect them. Nor were companies reassured by high growth targets: some large companies such as ICI reported that they would not be investing the amounts they would need to meet the Plan targets until they could be assured that the country would actually meet them.<sup>83</sup>

Treasury opinion on the Inquiry were withering: 'these forecasts are pretty worthless since they do not cover enough firms and, in any case, the firms themselves

---

<sup>78</sup> PRO EW 24/4: Secretaries' memorandum to PCWP, 'The objectives and methods of the plan', 16 December 1964

<sup>79</sup> PRO EW 24/7: Macdougall to Caulcott, 'The draft paper on the Plan', 11 November 1964, Hopkin to Jukes, 31 December 1964; PRO T 320/584: Petch to Clarke, 'Expansion and the Plan', 6 January 1965, Clarke to Armstrong, 'Next steps in the Plan', 18 January 1965

<sup>80</sup> PRO CAB 134/1737: EDC minutes, 28 January 1965

<sup>81</sup> PRO FG 1/8: Brown memorandum to NEDC, 'A plan for economic development', 26 February 1965

<sup>82</sup> PRO FG 1/8: Brown memorandum to NEDC, 'Progress report on the Plan', 29 April 1965

<sup>83</sup> Cmnd. 2764, *Plan*, appendix C; PRO CAB 130/203: DEA memorandum to MISC 1, 'The plan: a report on progress', 27 May 1965; ACD, 13 June 1965: Cairncross, *Diary*, p. 60



have based their replies on greatly varying assumptions'.<sup>84</sup> Much of the statistical work extrapolating from the questionnaire was indeed inadequate. For instance, returns covered three quarters of the chocolate confectionary industry, but DEA took this as a good enough indicator for the whole sector: the chalk, clay, sand and gravel extraction industry answered only on sand and gravel, but again this was extrapolated for the whole industry.<sup>85</sup> Additionally, it appears that *even on its own terms* the Inquiry proved that the growth target could not be achieved, for companies even on the growth basis provided predicted a 23.5% rise in output, and 20% in productivity.<sup>86</sup>

The balance of payments assumptions behind the Plan were similarly suspect. MacDougall estimated that with a growth rate of 4% in 1970, Britain would still be running a large current account deficit in 1967-70. He had to add up a deeply unconvincing list of savings on current account - £50m in tighter capital controls, £50m through expansion in depressed regions without general inflation, £250m annually by 1970 through P&I, and £50-100m through the 'Catherwoodery' of industrial and EDC policy. Even then, he could only conclude that 'if *all* these measures [are] successful, [we shall be] in approximate balance by, say, 1969'.<sup>87</sup> Other departments were incredulous, with export projections for instance attacked in the Plan Steering Group as 'completely implausible'.<sup>88</sup> The balance of payments projections for 1970 also rested on continuing trend growth in world trade, invisible earnings and a reduction in investment abroad: none of these assumptions were in fact borne out. They also rested on the Industrial Inquiry, which exhibited the same problem of an over-optimistic brief as the rest of the Plan.<sup>89</sup> DEA found it very difficult to respond, for its planners did not know the answers to crucial decisions, such as when the import surcharge would be removed, or the relative priorities the Cabinet gave to the balance of payments and growth.<sup>90</sup>

---

<sup>84</sup> PRO T 230/740: Hubback to Armstrong, 'The Plan', 28 May 1965

<sup>85</sup> PRO EW 24/8: Dallas to Watts, 'The Industrial Inquiry', 21 April 1965

<sup>86</sup> PRO LAB 8/3216: Todd to Dewar, 28 May 1965

<sup>87</sup> PRO EW 24/8: MacDougall to Russell, 'Policies for the Plan', 12 March 1965

<sup>88</sup> PRO EW 24/94: PCSG minutes, 18 May 1965

<sup>89</sup> Cmnd. 2764, *Plan*, pp. 75-6, 81-2

<sup>90</sup> PRO EW 24/8: Grieve Smith to MacDougall, 'The Budget and the Plan', 23 April 1965

MacDougall's vague calculations highlighted another problem: the 'manpower gap'. Due to the fact that the growth of the working population was slowing, growth in the late sixties would require higher *per capita* productivity growth rates than hitherto.<sup>91</sup> To plug the 'gap', the manpower sub-group of PCWP assumed that regional policies could bring the unemployment rates in those areas down to the national average. Even this heroic assumption, however, did not seem likely to suffice, even along with massive releases of labour from agriculture and declining manufacturing industries and mining.<sup>92</sup> Productivity would have to rise at over 3.5%, and it had been rising even in the early 1960s, a period of relative success in this field, at about 3%. Although all sides in NEDC stressed the 'great contribution that increased investment could make to solving manpower shortages', the implication was clear: they were relying on State action to raise productivity in a way that British governments had never been achieved before.<sup>93</sup>

Since the success of those policies was uncertain at best, it was no wonder that Shone told Roll that the draft Plan was 'not very convincing in dealing with the problems of the next eighteen months or two years'.<sup>94</sup> This was especially so given the July measures of 1965, and Brown warned the Cabinet when he submitted the Plan to them given those measures 'it might prove to be impossible to ensure sufficient acceleration in later years to achieve the full objective of a 25 per cent increase in national output'. Nevertheless, the Cabinet agreed to go ahead with publication in order to attempt the 'growth trick', 'to encourage industry to aim at a higher level of output'.<sup>95</sup> Given the speed at which the Plan had been compiled, along with its questionable manpower and balance of payments assumptions and its apparent divorce from immediate policy, it was, as Shore later put it, 'an inadequate

---

<sup>91</sup> Cmnd. 2764, *Plan*, pp. 24-5

<sup>92</sup> *ibid*, pp. 37-8; PRO EW 24/6: Manpower sub-group to PCWP, 'Additions to the labour force', 22 April, 10 May 1965

<sup>93</sup> PRO FG 1/9: Brown, Gunter memorandum to NEDC, 'The labour supply position as it affects the plan for national development', 28 May 1965; PRO FG 1/8: NEDC minutes, 2 June 1965

<sup>94</sup> PRO EW 24/10: Shone to Roll, 22 July 1965

<sup>95</sup> PRO CAB 128/39: Cabinet minutes, 3 August 1965

document which sank without trace within minutes of its being completed'.<sup>96</sup> DEA officials in private were just as candid, Grieve Smith, assistant Director of Planning, arguing that their targets 'had... been falsified before the Plan was actually published'.<sup>97</sup>

Table III.2. National Plan % p.a. growth targets and actual outcome, 1964-70

	<i>Plan target</i>	<i>Actual</i>
<i>GNP</i>	3.8	2.2
GNP per employee	3.4	2.6
<i>Capital formation:</i>		
Manufacturing/ construction	7.5	4.8
Other private industry	3.8	4.6
Nationalised industry	4.5	1.5
Housing	4.8	1.5
Public services	7.7	5.6
<i>Total capital formation</i>	5.5	3.5
Defence spending	1.0	-3.0
Public sector current spending	4.0	4.2
Personal consumption	3.2	1.8
Imports of goods	4.0	4.4
Exports of goods	5.3	5.7

Source: Blackaby, *Policy*, table 9.3, p. 416

It soon became clear that the economy could not grow at the speed envisaged, which caused the government deep anxiety, given that they were committed to publishing a review within a year.<sup>98</sup> In fact, given the economic packages of July 1965 and July 1966, there was no way the Plan targets could be met at all (see *table III.2*). Though productivity continued to rise, there was not much evidence that the 'third way' had delivered the necessary medium-term breakthrough.<sup>99</sup> The question then became whether to publish the revised assessment, of 18-20% growth to 1970, or to

<sup>96</sup> Paterson, *Emotional*, p. 181

<sup>97</sup> PRO EW 24/96: Grieve Smith to MacDougall, 'The next plan', 18 October 1966

<sup>98</sup> PRO EW 24/96: Catherwood to Allen, 'Review of the Plan', 1 June 1966; *House of Commons debates*, vol. 730, col. 319: Brown written answer, 'Review of the Plan', 30 June 1966

<sup>99</sup> S. Gomulka, 'Britain's slow industrial growth: increasing inefficiency versus a low rate of technical change' in Beckerman (ed.), *Slow growth in Britain: causes and consequences* (Clarendon Press, Oxford, 1979), table 9.2, p. 123; Cairncross & B. Eichengreen, *Sterling in decline: the devaluations of 1931, 1949 and 1967* (Blackwell, Oxford, 1983), p. 216

remain silent altogether, since as Michael Stewart, head of DEA after Brown, told Wilson 'there is no progress to report in terms of the original National Plan targets'.<sup>100</sup> Brown had already told the Cabinet, *before* the July 1966 package, that economic growth could only reach 2.5% on an annual basis to end-1967, whereas the Plan had promised 3.8%: in August 1966, the DEA announced publicly that the growth target itself was under review.<sup>101</sup> However, Stewart made it clear that this would not be published in the near future, and DEA would instead focus on the 'more far-reaching and constructive task' of discussing the future of planning in NEDC, so as to provide a whole new Plan.<sup>102</sup> In a meeting with officials six days later, Stewart confided that in fact the situation was so 'gloomy' that it was 'impossible to think at present of publishing a further National Plan'.<sup>103</sup>

The second phase of planning concentrated more on the selective industrial planning work of DEA. One single growth target for the whole economy having been discredited, the Government turned to work on individual industries, and a number of growth 'paths' and their implications. The DEA envisaged an 'Industrial Flexible Budget', testing the implications of at least three different rates of economic growth. The 'low rate' would be between 2.2% and 2.9%, while the 'high rate' would be 3.7% to 4.4%, with an intermediate rate in between.<sup>104</sup> This, as Stewart told his colleagues, would 'examine the range of possibilities open to us rather than merely exploring the implications of one particular growth rate'.<sup>105</sup> This, he hoped, would emphasise 'the agreed need to improve our industrial efficiency, our international competitive

---

<sup>100</sup> PRO PREM 13/827: Stewart to Wilson, 17 October 1966; PRO EW 24/93: MacDougall to Burgh, 'Planning: the next steps', 13 May 1966

<sup>101</sup> PRO CAB 129/124: Brown memorandum to Cabinet, 'The growth rate and productivity', 8 July 1967; F. Broadway, *State intervention in British industry 1964-1968* (Kaye & Ward, London, 1969), p. 23

<sup>102</sup> *House of Commons debates*, vol. 735, cols. 341-2: Stewart, written answer, 'National Plan', 10 November 1966

<sup>103</sup> PRO EW 24/96: Stewart meeting with officials, minutes, 16 November 1966

<sup>104</sup> *ibid*: Bond-Williams to McIntosh, 26 July 1966; PRO EW 24/46: Ennals memorandum to PCWP, 'Planning assumptions', 27 January 1967

<sup>105</sup> PRO CAB 134/2737: Stewart memorandum to EDC, 'Future planning work', 30 January 1967

position and our balance of payments'. The DEA and Ministry of Technology hoped to intervene directly to ensure this.<sup>106</sup>

However, both the CBI and TUC from this stage were united in scepticism about the Government's intentions, partly because of the failure of the Government's prices and incomes policies. One reason the TUC came out in open opposition to P&I was that they believed devaluation made 6% growth possible in 1968, allowing an 'affordable' growth of incomes of 5% a year. Their *Yearly assessment*, promised to the 1967 Congress in an attempt to placate rank-and-file opposition to pay restraint, became a regular thorn in the Government's side.<sup>107</sup> Wilson and Shore spent the first few months of 1968 trying to disabuse the TUC of this notion, to no avail; the Government announced its own 3.5% 'ceiling' for wage increases in April without TUC support.<sup>108</sup> Furthermore, it became clear during the debates on the new 'ceiling' that a majority in Cabinet (notably Crosland and Callaghan) now believed continuing with a statutory prices and incomes policy containing very low targets was 'asking for the impossible': and the alternative this time was to alienate the CBI.<sup>109</sup>

The new idea – in fact resurrecting the attempted 'grand bargain' of 1962-63 – was to link price control with incomes policy, this time in a single body, which Castle and Shore proposed would be called the Commission for Industry and Manpower. This would bring together the NBPI and the Monopolies Commission, but give it new powers to control prices for two years in 'monopolistic' markets. The CIM would not need even to suspect anti-competitive practices to intervene: £10m in fixed assets, or 1/3 of any single market, would qualify any company for investigation.<sup>110</sup> This would

---

<sup>106</sup> PRO FG 1/13: Stewart memorandum to NEDC, 'Planning', 1 March 1967

<sup>107</sup> *TUC Congress report 1967* (TUC, London), pp. 322-3; *TUC Economic review 1968* (TUC, London), pp. 88, 92

<sup>108</sup> PRO T 230/781: Wilson, Jenkins, Shore, Gunter, Allen, Cairncross, MacDougall, Balogh meeting with TUC Economic Committee, minutes, 18 December 1967; PRO EW 24/215: Wilson, Jenkins, Shore, Gunter, Lee meeting with TUC Economic Committee, minutes, 5 January 1968; Cmnd. 3590, *Productivity, prices and incomes policy in 1968 and 1969* (April 1968), pp. 3-4

<sup>109</sup> PRO CAB 128/43: Cabinet minutes, 5 March 1968; BCD, 5 March 1968: Castle, *Diary*, p. 193

<sup>110</sup> PRO CAB 134/2007: Castle, Shore, memoranda to SEP, 'Industrial policy and the Monopolies Commission', 28 October, 8 November 1968; PRO CAB 134/3201: SEP minutes, 14 November 1968

link up with the new selectivity in industrial and regional policy, and allow the Government to supervise prices and incomes more closely.<sup>111</sup> The CBI was furious, accusing Castle of 'dropping all attempts to control the activities of trade unions... and... instead seeking greater powers to control prices'.<sup>112</sup> But their opposition gained only a reduction in the price standstill powers to eighteen months, and the once the CIM was set up (forecast for 1971) the Government would have very wide-ranging powers of compulsory price reference for Britain's 400 biggest companies.<sup>113</sup> The attempt to gain consensus on a 'planned growth of incomes' could not have seemed further away.

Woodcock and the TUC remained committed to *changing* the macro-economic realities through planning, which would 'establish what this country was capable of', and so help to avoid the dilemmas of incomes policy. The CBI, aghast at the Government's increasing interventionism, had turned against the 'confidence trick' itself, and wanted merely a 'realistic forecast' of the growth in the economy, by a wholly independent planning commission.<sup>114</sup> Nevertheless, the Government pressed on with its new planning exercise, though delayed by having to revise their forecasts following devaluation.<sup>115</sup> The DEA's draft document, with its 'fan-shaped' growth assumptions based on different rates of productivity growth, was a serious disappointment to both the TUC and CBI when it was presented to NEDC in December 1968. Both organisations opposed publication – though the TUC's opposition to a document which did not guarantee productivity gains from

---

<sup>111</sup> PRO CAB 128/44: Cabinet minutes, 25 September 1969. The link is most explicit in PRO PREM 13/2795:

Shore to Wilson, 25 April 1969

<sup>112</sup> PRO CAB 129/147: Castle memorandum to Cabinet, 'Commission for industry and manpower', 12 January 1970

<sup>113</sup> *Public Bills and minutes of proceedings 1969/70*, Commission for Industry and Manpower Bill, 13 March 1970; *House of Commons debates*, vol. 799, cols. 560-2: Castle speech, second reading, CIM Bill, 8 April 1970

<sup>114</sup> PRO FG 1/13: NEDC minutes, 2 August 1967

<sup>115</sup> PRO EW 24/135: DEA memoranda to MTAC, 'Medium term outlook after devaluation', 19 December 1967, 'Alternative assumptions to be explored', 22 April 1968

government policies was the more bitter.<sup>116</sup> Some committed planners were also dismayed at the document's weakness: Andrew Graham in the Cabinet Office commented, 'Oh God, I have heard all this before'.<sup>117</sup>

In the event the Government did publish *The task ahead: an economic assessment to 1972*, though at CBI and TUC insistence gutted even of many of the projections in the NEDC draft.<sup>118</sup> The 'basic' path, of the medium level of expected growth, was 3.25%, and the implications for this in terms of sectoral growth were outlined. But there were few commitments. The document began with the promise that 'this is a planning document, not a plan', and emphasised that it was only a contribution to the 'continuing process of consultation between Government and both sides of industry'. It aimed at a £500m balance of payments surplus by its terminal date of 1972, which was to be the 'overriding goal'.<sup>119</sup> 3.25% growth was based on the continuation of the previous growth of productivity. It would be hard to imagine an approach to planning further removed from the hopes of 1965.

But while the certainties of planning were removed, lower-level consultation was encouraged, most notably with EDCs, most of which had hardly begun work in 1965. Their number was greatly expanded under Labour, to twenty-one, covering about 80% of the employees of private industry.<sup>120</sup> This allowed officials to ask industry about real projections, rather than supposed reactions to a previously determined growth rate. EDCs had conducted a great deal of unglamorous work in the interim, for instance on transport links with Europe, one area where it was clearly advantageous to bring different transport interests (such as BR and the docks) together

---

<sup>116</sup> UWMRC MSS 200C/1/1/E/471.68: NEDC liaison committee, minutes, 10 December 1968; PRO FG 1/15:

NEDC minutes, 11 December 1968; PRO FG 1/18: NEDC minutes, 14 January 1969

<sup>117</sup> PRO PREM 13/2046: Graham to Wilson, 'Economic assessment to 1972', 1 November 1968

<sup>118</sup> PRO FG 1/18: NEDC minutes, 14 January, 5 February 1969; UWMRC MSS 200C/1/1/E/106.69: NEDC liaison committee, 4 February 1969

<sup>119</sup> DEA, *The task ahead: an economic assessment to 1972* (HMSO, London, 1969), pp. 1, 5-7, charts 7.1-7.2, pp. 67-8

<sup>120</sup> T. Smith, 'Industrial planning in Britain', in Hayward & Watson, *Planning*, p. 116

with wholesalers and exporters.<sup>121</sup> But they had few links to top-level planning machinery: their Chairmen were often summarily treated at NEDC meetings, their business placed at the end of the agenda.<sup>122</sup> From mid-1967, the EDCs were brought fully into macroeconomic planning for the first time.<sup>123</sup>

Most EDCs were highly suspicious, just as wary as the CBI and TUC leaderships of government promises following the failure of the first Plan. Most only reluctantly agreed to a new plan, since the Government seemed intent on one, and would be better informed if they co-operated.<sup>124</sup> A number of sectors that were particularly sensitive to the balance of payments were chosen for particular scrutiny: motor manufacturing, mechanical engineering, electronics and chemicals. *The task ahead* focussed on these, inviting EDCs in these sectors to comment on the use government and NEDC had made of their figures.<sup>125</sup> When the EDCs reported, they were less optimistic than the figures in *The task ahead*, mainly because their import penetration projections were higher than government's.<sup>126</sup> Furthermore, the supply constraints forecast by the engineering EDC made officials worry that the capital equipment requirements of their projections were unrealistic.<sup>127</sup> Despite this

---

<sup>121</sup> PRO FG 1/12: Report by exports working group EDC, 'Through transport to Europe', 18 May 1966

<sup>122</sup> R. Bailey, *Managing the British economy: a guide to economic planning in Britain since 1962* (Hutchinson, London, 1968), p. 46

<sup>123</sup> PRO CAB 134/3198: Stewart memorandum to SEP, 'Future planning work', 16 March 1967

<sup>124</sup> e.g. PRO EW 24/118: Paper and Board EDC minutes, 11 April 1967, Hotels and catering EDC minutes, (?May) 1967, Building and civil engineering EDC minutes, 2 May 1967, Motor vehicles distribution and repair EDC minutes, 10 May 1967

<sup>125</sup> PRO CAB 134/2917: Nield memorandum to Ministerial Committee on Industrial Policy, 'Economic assessment to 1972: consultations with industry', 26 February 1969; PRO CAB 134/2917: Ministerial Committee on Industrial Policy, minutes, 13 March 1969; DEA, *Task*, p. 110

<sup>126</sup> NEDO, *Industrial report by the chemicals EDC* (NEDO, 1970), p. 1; NEDO, *Industrial report by the motor manufacturing EDC* (NEDO, 1970), pp. 26-7

<sup>127</sup> NEDO, *Industrial report by the mechanical engineering EDC* (NEDO, 1970), p20-2; PRO T 342/18: Evans to Smith, 'Industrial consultations on the economic assessment', 4 November 1969



pessimism, Mintech, now responsible for EDCs, was pleased with the information that had been gathered, and envisaged its repeat every two years.<sup>128</sup>

EDC views allowed the Treasury (responsible for planning following the abolition of DEA) further to downgrade the central growth projection, from 3.25% to 3%. This January 1970 *Revised assessment* also contained lower estimates than any of the other plans for the growth of the working population, which helped to justify the even slower growth prediction. However, Ministers insisted that the 1970 revisions to *The task ahead* retain the 'fan' concept, and include at least the possibility of an optimistic rate of growth, at 3.75% (it was eventually included as 3.5%).<sup>129</sup> Tripartite agreement having finally collapsed, this had to be published as a purely government document, with no NEDC backing at all. The ambivalent vagueness of Labour's Opposition compromises, followed by the rushed and inadequate National Plan and the gradual expansion of statutory prices and incomes policy, had hopelessly undermined the uneasy and contingent consensus on which hopes for macro-economic planning had been built. The new realism of the *Economic assessment* exercises could not heal the damage.

---

<sup>128</sup> PRO T 342/20: Treasury officials' meeting, 'Future of planning exercise and EDCs', minutes, 5 February 1970

<sup>129</sup> PRO T 342/19: Allen meeting with other officials, 'NEDC paper', minutes, 13 January 1970; PRO CAB 134/3215: SEP minutes, 19 January 1970; Treasury, *Economic assessment to 1972 - a revised assessment* (HMSO, London, 1970), pp. 5-6

*'A more discriminating approach': towards selective intervention*

The DEA had never been Labour's only interventionist tool, as a separate Ministry of Technology was also created in October 1964. Labour had put a great deal of emphasis on science in Opposition, the NEC concluding that a new Department would be needed for 'encouraging technical progress... supporting industrial research... giving development contracts and... administering the participation of government in new industries'.<sup>130</sup> Labour had staged a series of conferences with sympathetic scientists to talk about this in 1963-64.<sup>131</sup> Such a Department, it was hoped, would complement DEA's macroeconomic work with 'selective interventions' to aid British technology and productivity. To begin with, the Ministry was small, and had a standing responsibility only for a third of government civil R&D. It took over responsibility for the Atomic Energy Authority, the National Research Development Corporation, and the laboratories of DSIR.<sup>132</sup> This was one of the smallest options Labour had considered in Opposition, with the Ministry of Aviation and its large R&D office retained as an independent department.<sup>133</sup>

However, 'Mintech' always had the potential to grow. Wilson took a personal interest in it as proof of the 'white heat' ideology, and appointed Frank Cousins from the TGWU to be its first head, allegedly because Cousins was no political threat to him as Prime Minister.<sup>134</sup> Although Mintech's statutory responsibilities were originally small, it had the *potential* to spread across Whitehall. The Ministry's scheme for the computer industry, which was to provide £20m to fund mergers and concentration, as well as research work on defence, telecommunications, and civil contracting, were good examples of this, as was their links with the DES on the output

---

<sup>130</sup> HABLP LPRD memoranda, I, II/RD 440: Albu memorandum to Labour Science Group: 'Relations between government and science and technology', March 1963

<sup>131</sup> Author interview, Lord Shore, 10 October 2000

<sup>132</sup> D. Edgerton, 'The "white heat" revisited: the British government and technology in the 1960s', *TCBH* 7, 1 (1996), p. 65

<sup>133</sup> HABLP LPRD memoranda, I, II/RD 670: Hart memorandum to science and industry working group, 'Constructing the Ministry of Industry and Technology', February 1964

<sup>134</sup> Pimlott, *Wilson*, pp. 278, 527

of scientifically-trained manpower.<sup>135</sup> March 1965 witnessed the first in a number of extensions to Mintech's powers. Under the Science and Technology Act, the Ministry was empowered to direct the AEA to undertake non-nuclear research, and DSIR was abolished, its functions vested in new Research Councils under Mintech. The Minister could now also make discretionary research grants, within his overall budget.<sup>136</sup>

Wilson certainly took much more interest in Mintech than he did in DEA.<sup>137</sup> He asked Helsby in 1965 to look into bringing MOA and the BOT's engineering industry responsibilities into Mintech, and asked Jenkins as Minister of Aviation to cede joint control of pure science (for instance radar) to Cousins' department. He held off abolishing MOA until he could make Jenkins Home Secretary.<sup>138</sup> Interestingly in the light of Mintech's emergence in 1969 as a 'super-ministry', Wilson wanted even at this stage to create a 'Ministry of Industry and Technology', taking over not only the industries for which the BOT was sponsor (including shipbuilding), but also regional policy and investment incentives, as well as the Ministry of Power.<sup>139</sup> Although other transfers would have to wait, the move of MOA duties was settled by the time Benn arrived at the Ministry in July 1966, and was finally transferred to Mintech in February 1967.<sup>140</sup> The transformation of Mintech through the absorption of MOA's large engineering research budget confirmed Wilson's desire, over the

---

<sup>135</sup> PRO PREM 13/945: Wilson to Cousins, 3 December 1964, Cousins to Wilson, 15 December 1964; PRO CAB 130/217: Cousins memorandum to MISC 24, 'Proposals for the support of the computer industry', 3 February 1965, MISC 24 minutes, 16 December 1964, 5 February 1965

<sup>136</sup> *Public general acts and measures 1965*, c4, pp. 53-7: Science and Technology Act, 22 March 1965; Bailey, *Guide*, p. 107; Pollitt, *Machine*, p. 58

<sup>137</sup> Hennessy, *Prime Minister*, p. 303

<sup>138</sup> PRO PREM 13/945: Helsby to Wilson, 'The Ministry of Technology', 28 June 1965, Wilson to Jenkins, 4 August 1965, Helsby to Wilson, 'Machinery of government', 7 October 1965, Mitchell to Wilson, 'Machinery of government', 12 October 1965

<sup>139</sup> PRO PREM 13/945: Helsby to Wilson, 'Ministry of Technology', 11 November 1965

<sup>140</sup> TBD, 4 July 1967; Benn, *Wilderness*, p. 444; Clarke, 1967, pp. 1-2; Edgerton, 'Heat', p. 67; Pollitt, *Machine*, p.

objections of the MOD, to build up the department as 'the instrument of progress in the engineering field'.<sup>141</sup>

Wilson's sponsorship of Mintech continued right up to 1969, when he decided to break up DEA. He wanted its regional policy responsibilities, NEDC, and the manufacturing functions of BOT given to Mintech, reconstituting BOT as a foreign trade department. Sir William Nield, DEA's last Permanent Secretary, and William Armstrong both opposed the creation of a 'super-ministry', as did Sir Anthony Part from the BOT, and most of the officials involved, who expressed 'astonishment' and 'horror' at the idea that Mintech should also take over the Ministry of Power.<sup>142</sup> Nevertheless, the Prime Minister was able to impose his will. Mintech became a 'Department for Industry', with its remit expanded to cover the execution of regional policy (though overall strategy would go to Crosland at Local Government and Planning), all government research and development, the EDCs and industrial work on the new Plan, as well as general industrial policy (including engineering, steel and power).<sup>143</sup> It was grouped in five divisions – Aviation, Industry, Regional, Economics, and General Co-ordination – to cope with this workload.<sup>144</sup>

Mintech expanded into every field where it had even the slightest influence. From its initial responsibilities for standards and weights and measures, Mintech expanded into encouraging industrial standardisation and longer production runs.<sup>145</sup> From monitoring technology purchases by government, it expanded into subsidising

---

<sup>141</sup> PRO PREM 13/1550: Wilson to Healey, 11 November 1966; R. Clarke, *Industry and the Ministry of Technology* (HMSO, London, 1967), p. 5; R. Coppey, 'Labour's industrial strategy', in *idem*, S. Fielding & N. Tiratsoo, *The Wilson governments, 1964-1970* (Pinter, London, 1993), p. 112

<sup>142</sup> PRO PREM 13/2680: Halls to Armstrong, 27 June 1969, Armstrong to Halls, 'Machinery of government changes: reallocation of DEA functions', 11 July 1969, Halls to Armstrong, 12 September 1969

<sup>143</sup> TBD, 4-5 October 1969: Benn, *Office without power*, pp. 203-4

<sup>144</sup> PRO PREM 13/2681: Armstrong draft Lobby notice, 'Machinery of Government', 30 September 1969, Benn to Wilson, 15 October 1969; D.K. Fry, *The administrative 'revolution' in Whitehall* (Croom Helm, London, 1981), p. 178

<sup>145</sup> PRO FG 1/11: Brown memorandum to NEDC, 'Progress report on standardisation, variety reduction and longer production runs', 15 February 1966

specific sectors, for instance computers, through those orders.<sup>146</sup> Its advisory and consultancy services were constantly expanded, with *ad hoc* task groups negotiating to bring together purchasers and providers in industries as diverse as fork-lift trucks, glass containers, hydraulics and scientific instruments.<sup>147</sup> Frustrated with NRDC's slowness in commercial exploitation of inventions, Benn took over DEA's links with larger companies, leaving NRDC to deal with small and medium sized concerns.<sup>148</sup> Even medium-term economic forecasting was Benn's field by 1970, and Mintech aided a large expansion of civil science, at the expense of defence R&D, in these years (see *table III.3*).<sup>149</sup> There was also a conscious effort to reinforce links between defence industries and the civil sector.<sup>150</sup>

*Table III.3. Public sector civil and defence R&D expenditure (£m, 1964 prices), 1964-70*

	<i>Civil R&amp;D expenditure</i>	<i>Defence R&amp;D expenditure</i>	<i>Civil increase (%)</i>	<i>Defence increase (%)</i>
1964/65	191.8	263.5	12.3	5.6
1965/66	196.5	251.0	2.4	-4.8
1966/67	221.0	239.9	12.5	-4.4
1967/68	247.0	216.5	11.7	-9.7
1968/69	281.1	203.0	13.8	-6.2
1969/70	289.7	196.2	3.1	-3.4

*Source: Statistics of science and technology (1970), table 12, pp. 34-5*

This was part of a more selective approach to industrial policy overall. Two NEC conferences on 'financial institutions', in November 1967 and June 1968, saw pressure for a State Holdings Company, focussing on providing funds for export industries and technological re-equipment. These also concluded that 'what is required in place of the present broad and relatively indiscriminate channels... [is] a much greater measure of selectivity [and]... a more *discriminating* approach' was needed. Considering that Castle was the chair of the study group that steered these conferences, these views carried obvious weight in government, as well as in the

<sup>146</sup> PRO CAB 129/125: Benn memorandum to Cabinet, 'Productivity', 8 July 1966

<sup>147</sup> PRO FV 3/37: Mintech/ IRC meeting, minutes, 2 August 1967; PRO FV 11/20: *ibid*, 2 December 1969

<sup>148</sup> PRO FV 3/35: Benn meeting with Bray, officials, minutes, 9 December 1968

<sup>149</sup> PRO CAB 134/3214: Benn memorandum to SEP, 'Industrial situation and prospects up to the end of 1970', 15 October 1969; PRO CAB 134/3215: Benn memorandum to SEP, 'Industrial report', 15 January 1970

<sup>150</sup> Coopey, 'Strategy', pp. 113-4

Party.<sup>151</sup> The trend towards more discriminating industrial intervention was already established, for joint DEA-Mintech approaches to large firms had been going on since 1966, with Stewart holding talks directly with a number of exporters on what their plans were in the medium-term.<sup>152</sup> Following devaluation, DEA was particularly keen on 'a more considered and systematic approach', 'selective intervention' as an inexpensive counterpoint to general deflation.<sup>153</sup>

As hopes for macro-economic planning faded, direct intervention moved to the centre of the Government's collective imagination. The two National Productivity Conferences held in September 1966 and June 1967 were good examples of this. Their aim was to encourage 'greater productivity' and 'the most effective use of manpower'.<sup>154</sup> At the core of the NPCs were members of NEDC, which indeed prepared the agenda for the Conferences, and were themselves keen on the themes of investment, technological innovation, and labour utilisation.<sup>155</sup> A major theme of both conferences was the 'enormous gains' that could be made through greater management training, wider use of technology, and integration between different parts of a company.<sup>156</sup>

Some progress was made, for instance on bringing together and publicising public and private advisory services. Agencies such as the British Productivity

---

<sup>151</sup> HABLP RD I/II, Re 582: 'The role of financial institutions in Britain's economy', June 1968; HABLP NEC minutes vol. 9, pp. 645-51 (January - April 1969); Memorandum from Study Group on economic strategy, 'Economic planning', 1 March 1969; KCCL Kaldor papers 10/5: Pitt to Callaghan, 'Weekend conference on the City', 5 May 1967

<sup>152</sup> PRO EW 16/7: Albu meeting with industrial advisers, 7 July 1966; PRO PREM 13/978: Balogh to Wilson, 22 September 1966; PRO FG 1/13: Stewart memorandum to NEDC, 'Industrial work for the next Plan', 15 February 1967

<sup>153</sup> PRO CAB 134/2915: Shore memorandum to Industrial Policy Committee, 'Review of industrial policy following devaluation', 16 February 1968

<sup>154</sup> PRO CAB 134/3030: Secretaries' memorandum to Productivity Committee, 'A national conference on productivity', 19 May 1966, Productivity Committee minutes, 23 May 1966

<sup>155</sup> PRO FG 1/11: NEDC minutes, 3 August 1966

<sup>156</sup> PRO PREM 13/978: NEDO memorandum to NPC, 'Productivity techniques', 22 August 1966

Council and the British Institute of Management were expanded in reaction to proposals made at the Conferences; EDCs were set to work more closely together in comparing productivity across and within industries.<sup>157</sup> A great deal of information was produced, including material on technology's contribution to company growth, and the possibilities of advertising and marketing.<sup>158</sup> But one noticeable feature of the NPCs was the increasing rancour between the employers and government: when the first NPC turned to investment, the CBI complained that given the Government's tax rises and deflationary packages, there was little point in devising new programmes.<sup>159</sup> At the second NPC, they complained about the level of public spending.<sup>160</sup> It was CBI opposition to holding any more Conferences that brought this particular 'selective intervention' to an end.<sup>161</sup>

The Industrial Reorganisation Corporation was another element in Labour's interventionist policy, set up to encourage mergers and industrial concentration and therefore, it was hoped, international competitiveness.<sup>162</sup> The IRC was instrumental in a series of very large mergers, often spending funds from its own capital of £150m to smooth the path towards rationalisation: the English Electric/ Elliott Automation, GEC/ Associated Electrical Industries, and GEC/ EE mergers, along with the creation of British Leyland from British Motor Holdings and Leyland Motors, created two

---

<sup>157</sup> PRO LAB 10/2999: British Institute of Management, 'Action campaign on productivity', November 1966; PRO LAB 10/3000: Productivity Services Advisory Group minutes, 17 November 1966; PRO PREM 13/2166: Trend to Wilson, 'Follow up of the NPC', 1 December 1966; PRO FG 1/12: Catherwood memorandum to NEDC, 'Follow up of the NPC', 21 December 1966

<sup>158</sup> PRO CAB 130/308: Official memoranda to MISC 123, 'Marketing, distribution and productivity', 'The role of technology in productivity', 15 May 1967, MISC 123 minutes, 24 May 1967; NEDO, *Business efficiency: an ABC of advisory services* (October 1968), *passim*

<sup>159</sup> PRO PREM 13/978: NPC minutes, 27 September 1966

<sup>160</sup> PRO PREM 13/2166: Second NPC minutes, 14 June 1967

<sup>161</sup> PRO PREM 13/2166: Catherwood to Stewart, 12 June 1967

<sup>162</sup> PRO CAB 134/2708: Brown memorandum to EDC, 'The industrial reorganisation finance corporation', 5 January 1966; PRO CAB 134/2707: EDC minutes, 6 January, 20 January 1966

'national champions' in electronics and motor vehicles.<sup>163</sup> These were not always encouraging precedents, partly because there was continuous conflict between DEA and Mintech over who was to take charge of IRC operations, especially as Mintech was supposed to have special responsibility for Britain's computer industry.<sup>164</sup> Some of the mergers – for instance the creation of British Leyland – were economically disastrous, with BL's market share falling rapidly before being nationalised in 1975.<sup>165</sup> Ministers' discontent with their lack of powers over the IRC and its merger clients was to lead to wide-ranging discretionary powers being taken by government.

Another spur to legislation was the fact that over the winter of 1966-67 Mintech had become frustrated by its limited powers over industry, since it regarded Investment Grants as too crude to focus adequately on its priority sectors.<sup>166</sup> A study of enabling powers was commissioned under Harold Lever to look at ways of intervening more selectively, since most Ministers felt that the existing rules were too 'strict and rigid'.<sup>167</sup> Once again, Wilson's influence can be seen behind this development, for it was he who had originally called for a 'crash programme for capital investment and re-equipment', and had first suggested the Lever working party.<sup>168</sup> Although the Prime Minister was thinking of raising investment incentive rates again, and extending their coverage to the service trades and industrial building,

---

<sup>163</sup> D. Hague & G. Wilkinson, *The IRC – an experiment in industrial intervention* (Allen & Unwin, London, London, 1983), pp. 50-4, 58-60, 122-5, 253-5, 258-9

<sup>164</sup> S. Young & A.L. Lowe, *Intervention in the mixed economy* (Croom Helm, London, 1974), pp. 91-3; Fry, *Revolution*, p. 178

<sup>165</sup> J.F. Wilson, *British business history 1720-1994* (MUP, Manchester, 1995), pp. 210-11; Pliatzky, *Spending*, pp. 63-4

<sup>166</sup> PRO CAB 134/2742: Bray memorandum to EPC sub-committee on industrial policy, 'Industrial policy', 4 May 1967, EPC sub-committee on industrial policy minutes, 16 June 1967

<sup>167</sup> PRO CAB 130/338: MISC 168 minutes, 5 September 1967

<sup>168</sup> PRO PREM 13/1429: Wilson to Shore, 30 August 1967, Brown to Shore 'Ministerial Working Party on Capital Investment and Re-equipment', 11 September 1967



such measures would probably be very expensive, and not necessarily effective; the Industrial Expansion Act eventually stood in for them.<sup>169</sup>

This Act actually began as an administrative measure, for Mintech, having absorbed MOA, had to deal with subsidies for three different aircraft projects (including Concorde and Airbus), and officials thought that one Bill granting enabling powers would be simpler than three individual enactments. But it also originated with the desire for selective intervention: as promoted by Benn, it would give the Government permanent powers, with the agreement of companies concerned, to help with supplies stockpiling, technology leasing (especially for computers) and to buy up shares in subsidised firms.<sup>170</sup> However, when the CBI was informed of what was intended, they were furious that the Government was taking 'blanket powers applying to all industry'; Wilson had to mollify them with the assurance that the Bill would 'enable the Government to act quickly in cases where the firm concerned agreed to the need for Government assistance'. But Davies countered that the proposals were 'a permanent threat to private industry', given the pressure for co-operation that the Government could bring to bear as a major purchaser.<sup>171</sup> Cabinet nevertheless approved the measure in September 1967.<sup>172</sup>

Benn and Shore were prepared to make some concessions: they agreed, after discussion in NEDC, that the powers would only be used after an Affirmative Resolution of the House of Commons in each case. They also agreed to consider an overall financial limit on intervention in each industry, for instance the aircraft

---

<sup>169</sup> Most of these proposals were rejected when SEP came to consider MISC 168's report: PRO PREM 13/2590: Castle to Wilson, 6 November 1967; PRO CAB 134/3196: SEP minutes, 8 November 1967

<sup>170</sup> PRO CAB 134/2738: Benn memorandum to EDC, 'Industrial expansion Bill', 14 June 1967; PRO CAB 134/2736: EDC minutes, 20 June 1967

<sup>171</sup> PRO PREM 13/1576: Stewart to Wilson, 'Industrial expansion Bill', Benn to Wilson, 28 July 1967, Wilson, Stewart meeting with CBI, minutes, 2 August 1967; Davies to Shore, 'Proposed enabling legislation to provide government support for industrial development', 22 September 1967

<sup>172</sup> PRO CAB 129/133: Benn memorandum to Cabinet, 'Industrial expansion Bill', 27 September 1967; PRO CAB 128/42: Cabinet minutes, 28 September 1967

sector.<sup>173</sup> The White Paper on this in January 1968 was couched in conciliatory terms, stressing 'co-operation with private industry', the creation of an advisory body, and the fact that government would only provide money in the last resort.<sup>174</sup> Specific spending limits were also inserted in the final Act: £100m for Concorde, £24m for the QEII, and £75m for general shipbuilding, with £100m (£150m with further Parliamentary approval) for other projects.<sup>175</sup> But it could not be disguised that the Government had taken a series of major new discretionary powers over industry, even though the actual amounts paid out outside those special projects listed in the Act amounted to only £21m to the computer industry, and £28m to the Government's ill-fated aluminium smelters scheme.<sup>176</sup>

---

<sup>173</sup> PRO CAB 129/133: Shore memorandum to Cabinet, 'Industrial expansion Bill', 25 October 1967; PRO CAB 128/42: Cabinet minutes, 26 October 1967

<sup>174</sup> Cmnd 3509, *Industrial expansion* (January 1968), pp. 2-3

<sup>175</sup> *Public general acts and measures 1968*, vol. I, c32, pp. 772, 774-5: Industrial expansion Act, 30 May 1968

<sup>176</sup> Mintech, *Reports on the Industrial Expansion Act* (1968/69, 1969/70), *passim*

*'Hostage to fortune': Labour and public expenditure*

Immediately upon coming to power, Labour embarked upon a 'strict review' of public expenditure, since resources had been fully 'pre-empted' by planned Conservative spending rises.<sup>177</sup> This review faced powerful political constraints, for instance on NHS prescription charges: Callaghan failed to delay Labour's commitment to abolish these. Much more expensive was Labour's election pledge to up-rate pensions above increases in average earnings, the cost of which was estimated at £126m in 1965/66. Callaghan also failed to have the proposed 12s 6d increase in the basic pension scaled back to 10s.<sup>178</sup>

Despite these initial setbacks for the Chancellor, Diamond as Chief Secretary was put in charge of the 'strict review' of the general civil side, and a Task Group under Clarke asked to look at 'civil projects with an economic aspect' (except Concorde, part of the general exercise). The Government was already also committed to a general Defence Review.<sup>179</sup> This review also failed to achieve its aims, for legal reasons (the French threatened to sue if Concorde was cancelled), political promises (that the Farm Subsidies scheme would be kept, for example), and the fact that the capital costs of many projects had already been incurred (for instance the AEA).<sup>180</sup> Although the European Space Launcher project was condemned by the Clarke group, Ministers refused to cancel it until 1968.<sup>181</sup>

---

<sup>177</sup> PRO CAB 130/202: MISC 1 minutes, 18 December 1964; PRO CAB 128/39: Cabinet minutes, 19 October, 28 October 1964; Treasury, *The economic situation* (October 1964), p. 3

<sup>178</sup> PRO CAB 128/39: Cabinet minutes, 28 October 1964

<sup>179</sup> PRO T 320/362: TPEC minutes, 20 November 1964; PRO CAB 134/2420: Callaghan memorandum to Public sector programmes committee, 'The "strict review" of government expenditure', 20 November 1964

<sup>180</sup> Lord Jenkins, in 'The Development of Concorde', ICBH seminar, 19 November 1998, <http://www.icbh.ac.uk/seminars/concorde.html>; PRO T 320/361: Marshall memoranda to Task Group, 'Agricultural support policy', February 1965, 'The civil R&D programme of the AEA', March 1965

<sup>181</sup> PRO CAB 134/2420: Callaghan memorandum to Public sector programmes committee, 'ELDO: interim report of task group', 11 January 1965; PRO CAB 129/124: Callaghan memorandum to Cabinet, 'Public expenditure: 1966/67 estimates', 18 January 1966; PRO CAB 128/41: Cabinet minutes, 20 January 1966; Edgerton, 'Heat', p.

The longer-term exercise then began. The DEA was powerful enough at this stage to play a central role, and to press successfully for a five-year spending plan. Callaghan also welcomed this, so long as long-term figures could be used to set the very high February 1965 Estimates into context, and promise lower spending rises in the future.<sup>182</sup> Some officials, especially Clarke, were more concerned, arguing that they had to be much more cautious in projecting the potential growth rate in an official plan, as opposed to an internal PESC review or a NEDC plan.<sup>183</sup> The initial review therefore witnessed a conflict between DEA and Treasury over the possible growth rate. DEA was able to secure 4.25% yearly increases in public expenditure for the Plan *from 1965/66*, that is, *after* the 8-9% increase of 1963/64 to 1964/65. This obviously allowed more leeway for public spending to expand over the whole period than the Treasury's desired starting date of 1964/65, though it was admittedly lower than the 5.25% projected in the PESC report even before the Election.<sup>184</sup> But the decision remained a gamble, in Clarke's words 'a tremendous hostage to fortune'.<sup>185</sup>

During this exercise, there was for the first time an attempt to develop 'priority-setting', as Plowden had recommended, as the central feature of public expenditure decisions. Each Minister was to submit their 'basic' programme to Cabinet for approval, listing prior commitments, and a series of 'additional', possible spending increases. The 'natural' increase in public expenditure, under the growth assumptions of the time, could then be divided up between the 'additional' programmes.<sup>186</sup> Additional spending bids came to £513m for 1969/70, in 1965 prices; PESC officials thought that there might be £150m-£200m to spread between programmes without raising taxes.<sup>187</sup> This job fell to the Public Expenditure

---

<sup>182</sup> PRO PREM 13/286: Trend to Wilson, 'Public expenditure', 23 December 1964

<sup>183</sup> PRO T 320/584: Clarke to Petch, 5 January 1965

<sup>184</sup> PRO EW 25/25: Henley to Allen, 5 January 1965, Crosland to Allen, 8 January 1965

<sup>185</sup> PRO EW 24/10: Clarke to Roll, 'The plan', 16 July 1965

<sup>186</sup> PRO CAB 129/120: Callaghan memorandum to Cabinet, 'Public expenditure', 26 January 1965

<sup>187</sup> PRO EW 25/28: Stevens to Jukes, 'PESC returns', 28 April 1965; PRO PREM 13/270: Stewart to Balogh, 'Public expenditure', 8 July 1965

Committee, chaired by Callaghan, and containing no major spending Ministers.<sup>188</sup> This allocated £240m of additional spending for 1969/70: £35m extra for education, £25m for health, £60m for benefits, £10m for police and prisons, and £110m for housing. This represented a 2.3% increase over the 'basic' £10.2bn programme for 1969/70, itself a large increase over the £8.2bn 1964/65 spending total.<sup>189</sup>

However, as Clarke had feared, this public commitment to 4.25% came to haunt the Government.<sup>190</sup> The exercise had contained some highly dubious assumptions: the contingency reserve assumed for 1969/70 was cut to £150m, a tiny fraction of public expenditure, and uncontrolled 'miscellaneous' expenditure was supposed to rise by only 10% in real terms in five years.<sup>191</sup> This was without mentioning the huge task Ministers faced if they were to implement the Defence Review, which projected a steady £2bn in real terms being spent on this throughout the period to 1970. Furthermore, the 'basic' programmes had in 1965 been taken for granted: all the choices involved were increases. This was not therefore a true re-allocation exercise.

The failure of the economy to grow as the Plan projected also called the priorities exercise into question. Expected growth after the July 1966 measures clearly could not accommodate 4.25% increases *per annum* without large tax rises.<sup>192</sup> Thus the normal PESC exercise on 1970/71, which would usually have been conducted in 1966, was postponed. Instead Ministers were to focus on 1967/68, which Callaghan hoped would concentrate their minds. It had become clear that cuts of between £50m and £500m (as estimates continued to rise) would be required even to bring the increases in government spending down to the 4.25% target.<sup>193</sup> This time, Callaghan

---

<sup>188</sup> PRO CAB 130/232: MISC 64 minutes, 24 June 1965, 4 July, 7-8 July 1965

<sup>189</sup> PRO CAB 129/121: Trend memorandum to Cabinet, 'Review of public expenditure from 1965/66 to 1969/70: background and submissions', 13 July 1965

<sup>190</sup> PRO CAB 134/2395: Callaghan memorandum to PEC, 'The prospects for public expenditure', 2 August 1966

<sup>191</sup> PRO PREM 13/270: Trend brief for Wilson, 'Public expenditure 1969/70', 14 July 1965

<sup>192</sup> PRO CAB 128/41: Cabinet minutes, 12 July 1966

<sup>193</sup> PRO CAB 134/2395: Callaghan memoranda to PEC, 'Public expenditure: the immediate prospect', 'Public expenditure 1967/68', 11 July, 19 October 1966, PEC minutes, 18 July 1966

wanted a 'contingency exercise', providing for a range of options, including zero GNP growth in 1967/68, to prepare them for possible cuts. Spending Ministers would have to prepare lists of both increases and cuts, to provide for genuine choice. They were to provide a list of their priorities if spending was to be reduced by 5%, and if they were to be able to spend 5% more.<sup>194</sup> Callaghan therefore recommended PEC's final report as 'turning from increasing public expenditure every year to deciding whether our present priorities are... those to which the Cabinet attaches the highest importance'.<sup>195</sup>

Callaghan managed to persuade PEC to recommend £277m of reductions for 1967/68, though only £80m of this was firmly accepted by full Cabinet.<sup>196</sup> He therefore tried again, gaining approval of an official review of the five main civil programmes – housing, education, roads, social security, and health – to run to 1970/71. This time the review would proceed on the basis of costed options for a 7.5% decrease in public expenditure, and a 5% increase. The Treasury also wanted a £250m contingency reserve for 1970/71, in line with the unplanned increases due to policy decisions for 1966/67.<sup>197</sup> 'Reviews in depth' were presented to Cabinet in June 1967, with options for increases and decreases in each programme, though the Chancellor's preference was for a £500m reduction overall for 1970/71, with £200m of that coming from Defence, and the rest from civil programmes.<sup>198</sup> The preference of the rest of the Cabinet, however, was for only £300m-350m worth of planned

---

<sup>194</sup> PRO CAB 134/2395: PEC minutes, 5 August 1966; PRO CAB 128/41: Cabinet minutes, 10 August 1966; PRO T 277/1651: PESC minutes, 18 August 1966

<sup>195</sup> PRO CAB 129/127: Callaghan memorandum to Cabinet, 'Public expenditure 1967/68', 11 November 1966

<sup>196</sup> PRO CAB 128/41: Cabinet minutes, 15 November 1966

<sup>197</sup> PRO CAB 134/319: Callaghan memorandum to SEP, 'Public expenditure to 1970', 11 January 1967; PRO CAB 134/3196: SEP minutes, 13 January 1967; PRO CAB 134/3048: Callaghan memorandum to PEC, 'Public expenditure to 1970', 23 January 1967; PRO T 277/1827: Secretaries' memorandum to PESC, 'Contingency allowance', 26 April 1967

<sup>198</sup> PRO CAB 129/131: Callaghan memoranda to Cabinet, 'Public expenditure: continuation of existing policies', 'Public expenditure: areas of choice', 15 June 1967, 'Public expenditure', 21 June 1967

spending reductions, and more taxation to plug the gap. Callaghan was able to make only about a quarter of the desired cuts.<sup>199</sup>

Such resistance was finally overcome by devaluation, with Jenkins as Chancellor warning that another devaluation might follow if they could not achieve a 'shift of resources' to production for exports.<sup>200</sup> In order to steady post-devaluation nerves, Callaghan had already publicly announced a desired savings total of £400m for 1968/69.<sup>201</sup> Initial decisions were of the usual type, with £76m to be taken out of nationalised industries' investment.<sup>202</sup> However, the consequent devaluation package of January 1968 contained a number of political retreats for a Labour government, notably on prescription charges and the raising of the school leaving age. Total savings added up to £416m.<sup>203</sup> These reductions at least would hold public expenditure increases within a 4.75% increase in 1968/69, with just a 1% planned increase in 1969/70, though the contingency reserve remained very small, at just £100m for that second year. Without the reductions, the increase would have been between 8% and 9% in each year.<sup>204</sup> Even then, Ministers had to look for a further £100m in reductions to bring the total within their 1968/69 target, and make further substantial savings (of up to another £500m) for 1969/70.<sup>205</sup> Yet another cut – of £290m for 1970/71 – was made in July 1969.<sup>206</sup>

---

<sup>199</sup> PRO CAB 128/42: Cabinet minutes, 27 June, 6 July 1967

<sup>200</sup> PRO CAB 128/42: Cabinet minutes, 20 December 1967

<sup>201</sup> *House of Commons debates*, vol. 754, col. 935: Callaghan statement, '£ (exchange rate)', 20 November 1967

<sup>202</sup> PRO CAB 128/42: Cabinet minutes, 21 November 1967

<sup>203</sup> *House of Commons debates*, vol. 756, cols. 1580-1592: Wilson statement, 'Public expenditure', 16 January 1968

<sup>204</sup> PRO CAB 129/135: Jenkins memorandum to Cabinet, 'Public expenditure, post-devaluation measures, 1968/69 estimates', 3 January 1968; PRO CAB 128/43: Cabinet minutes, 9 January, 11 January 1968; PRO CAB 129/136: Jenkins memorandum to Cabinet, 'Public expenditure prospect', 26 March 1968; PRO CAB 128/43: Cabinet minutes, 28 March 1968

<sup>205</sup> PRO CAB 134/3204: Jenkins memoranda to SEP, 'Public expenditure', 14 June, 18 June 1968

<sup>206</sup> PRO CAB 129/143: Jenkins memoranda to Cabinet, 'Public expenditure 1970/71', 'Public expenditure: report on discussions on 1970/71', 'Public expenditure 1970/71', 15 July, 22 July, 28 July 1969; PRO CAB 128/44: Cabinet minutes, 3 July, 17 July, 29 July 1969

However many civil expenditure reductions were approved, they have also to be set against Labour's huge defence cuts. The 1966 Defence Review recommended a 16% cut in defence spending by 1970, of £400m in cash terms, reducing its share of GNP from 7% to 5%.<sup>207</sup> This would involve 'a gradual... withdrawal from the Middle East', though not, under US pressure and commitment to allies, from Britain's position East of Suez.<sup>208</sup> A further £100m in cuts was requested of all the overseas programmes in the post-July 1966 spending exercise, and £50m was the figure actually achieved.<sup>209</sup> Another £110m was cut from defence in the immediate post-devaluation exercise, with bombers, aircraft carriers and transports all cancelled.<sup>210</sup> The real turning point came in January 1968. Despite a ferocious fight put up by Healey, Ministers decided to cancel the American F1-11 fighter-bomber. This, Jenkins hoped, would save a further £350m over ten years.<sup>211</sup> Ministers also took the decision to withdraw entirely from East of Suez by 1970/71, despite opposition in this from both the Foreign Office and the Commonwealth Office.<sup>212</sup> Overall, Ministers decided on a 12% cut in defence expenditure by 1972/73.

---

<sup>207</sup> J. Fielding, 'Coping with decline: US policy toward the British defence reviews of 1966', *Diplomatic history* 23, 4 (1999), pp. 634-5

<sup>208</sup> PRO CAB 128/39: Stewart, in Cabinet minutes, 23 September 1965; Fielding, 'Coping', pp. 649-50

<sup>209</sup> PRO PREM 13/861: Callaghan to Stewart, 10 June 1966, Stewart to Callaghan, 'Proposed review of overseas expenditure', 16 June 1966; PRO CAB 128/41: Cabinet minutes, 15 November 1966

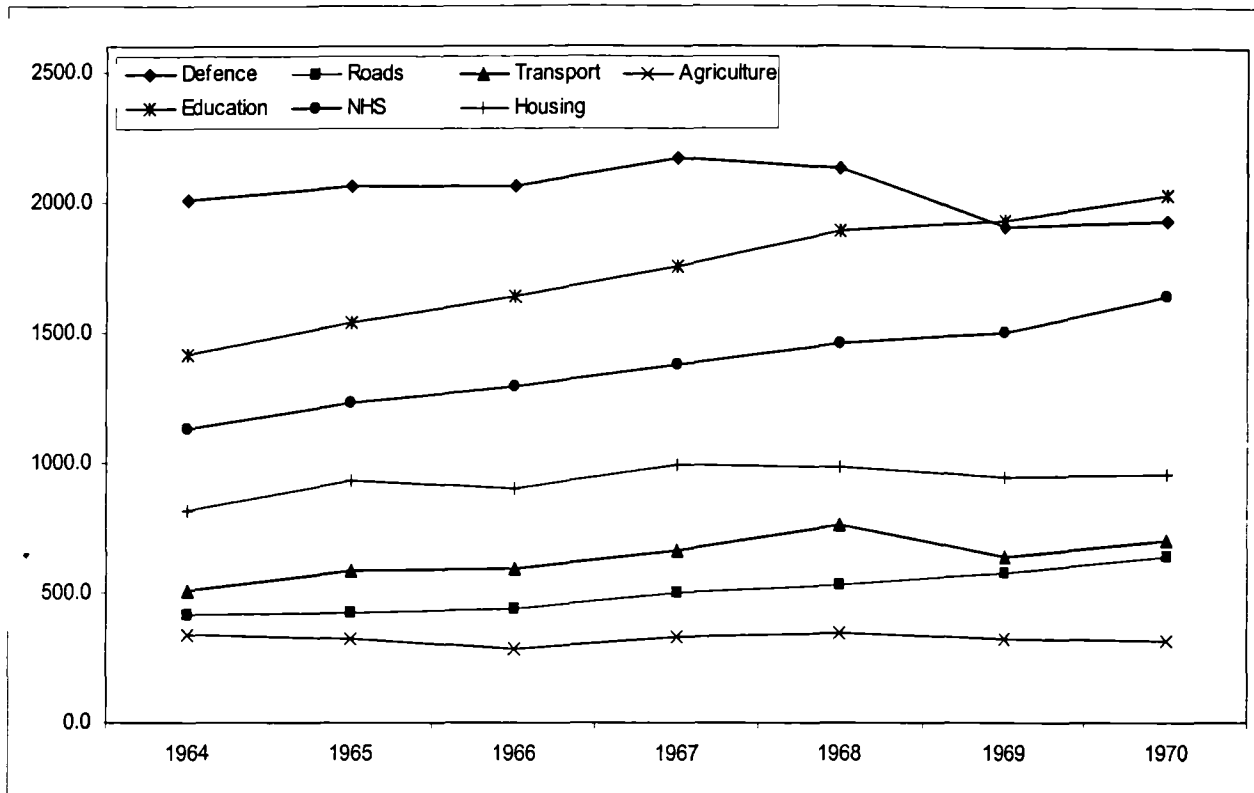
<sup>210</sup> PRO CAB 128/42: Cabinet minutes, 21 November 1967; Healey, *Time*, pp. 275-6

<sup>211</sup> PRO CAB 129/135: Healey memorandum to Cabinet, 'Defence cuts: the F1-11', 11 January 1968; PRO CAB 128/43: Cabinet minutes, 4 January 1968, 12 January 1968; Healey, *Time*, p. 273

<sup>212</sup> PRO CAB 129/135: Brown, Thompson memorandum to Cabinet, 'Defence cuts', 3 January 1968, Stewart memorandum to Cabinet, 'Public expenditure, post-devaluation measures, defence cuts: negotiations with Singapore and Malaysia', 11 January 1968, Thompson memorandum to Cabinet, 'Defence cuts: discussions with governments of Australia, New Zealand, Malaysia and Singapore', 15 January 1968; PRO CAB 128/43: Cabinet minutes, 4 January, 15 January 1968; Healey, *Time*, p. 293



Chart III.3. Government expenditure, 1964-70 (£m, 1964 prices)



Source: *National income and expenditure* (1971), table 50, p. 6

Table III.4. Government expenditure as a percentage of GDP (excluding debt repayments, market prices), 1964-70

Government expenditure/ GDP (%)	
1964	40.7
1965	41.6
1966	45.4
1967	46.1
1968	45.3
1969	46.0
1970	44.7

Source: *ibid*, table 4.4, p. 53

Although Ministers did finally rein back on public expenditure, *chart III.3* and *table III.4* demonstrate that public expenditure, despite the savings on defence, remained on an upward trend, mainly due to increases in education and health spending. Ministers' ambition to create a smooth public spending path, going up in line with resources, was frustrated. Initially, all their costed options were for increases – and they were planning for five years ahead, a very long time for any limit to hold.

This was unrealistic, for it failed to take account of the political pressure that would lead to Ministers continually taking political decisions to increase expenditure: and the abolition of prescription charges, benefit upratings, extra capital expenditure on hospitals and large expansions of local authority house building had all led to large policy-driven spending increases by 1967. Since the growth targets were not met, the growth of spending as a proportion of GDP was all the steeper.

Nor had the question of 'uncontrolled expenditure' been properly addressed. Local government spending is a good instance of this, though MAFF farming subsidies or nationalised industries' expenditure are also instructive examples. Central government still did not have full control over councils' spending, only being able to influence expenditure through general grant levels, control over their access to borrowing, and their veto on capital expenditure. This was evident during the 1965-66 deferment exercises, during which the Treasury was constantly frustrated in PESC by claims that local authority spending could not be programmed with close accuracy.<sup>213</sup>

When Ministers came to consider a large cut in local authority expenditure in the devaluation exercise, Stewart warned that they were 'in no position to enforce this', even though the draft Estimates before them showed local authorities' miscellaneous expenditure as the fastest-growing item since they had drawn up their last Estimates for 1968/69.<sup>214</sup> They were forced into the crude method of simply capping Rate Support Grant increases in 1968/69 and 1969/70 to 3% a year.<sup>215</sup> By 1970 the Treasury was asking departments simply to bid for overall spending totals, within which local authorities would be free to set their own priorities, but which would act as proper ceilings on expenditure.<sup>216</sup>

---

<sup>213</sup> e.g. PRO EW 25/90: Henley to Allen, 'Moratorium on government procurement contracts', 6 July 1965; PRO T 277/1720: TPEC minutes, 29 March 1966

<sup>214</sup> PRO CAB 129/135: Stewart memorandum to Cabinet, 'Public expenditure, post-devaluation measures, local authority manpower', 3 January 1968; PRO CAB 129/135: Jenkins memorandum to Cabinet, 'Public expenditure, post-devaluation measures, 1968/69 estimates', 3 January 1968

<sup>215</sup> PRO CAB 128/43: Cabinet minutes, 11 January 1968; PRO PREM 13/2066: Greenwood to Wilson, 12 January 1968

<sup>216</sup> PRO T 227/3118: Treasury memorandum, 'Control of local expenditure', June 1970

Table III.5. Government cost increases above general GDP cost increases, 1964-70

	<i>Government costs increases above GDP costs increases</i>
1964	2.4
1965	1.7
1966	2.8
1967	1.4
1968	2.9
1969	3.3
1970	2.1

Source: *National Income and Expenditure* (1971), table 16, p. 20

The RPE also continued to be a problem, as is clear from *table III.5*. Public expenditure reports did take account of this factor, with 'Clarke's law' stating in 1964 that prices in the public sector, at 3% levels of economic growth, would rise by 3.7% a year, as against 2.6% in the whole economy.<sup>217</sup> However, these figures turned out to be under-estimates, with general prices rising into 1967 at 3.9% annually, while government current prices were going up 4.5% a year. This meant that the *relative share* of government spending, determined by the relationship of these two rates of price rises, did not therefore rise as fast as Clarke predicted. But it also meant that in cash terms, the Government continued to face large demands for 'pay and prices' uprating, just to keep up with their pledges on spending in constant terms.<sup>218</sup> The Government did become more open about this effect, promising to publish figures showing its influence in its annual White Papers.<sup>219</sup> However, by 1970 the issue of differential productivity (and hence implied cost inflation) across different parts of government spending was unresolved. Figures still did not exist to show the different levels of RPE across different types of spending.<sup>220</sup>

There was some progress towards more effective department budgeting, encouraged by the Treasury, using the fashionable technique of output budgeting, or

<sup>217</sup> PRO T 320/335: Downey to Nicholls, 'Chequers briefing: Clarke's law', 13 November 1964

<sup>218</sup> PRO T 328/48: Edge to Roy, 'Medium term projections of public expenditure 1961-66', 1 April 1967

<sup>219</sup> Cmnd 4017, *Public expenditure: a new presentation* (April 1969), p. 9

<sup>220</sup> PRO T 331/461: Levitt to Atkinson, 'The productivity differential: some problems', 23 April 1969, Levitt to Widdup, 'The RPE for individual programmes', 2 January 1970

Planning, Programming, or Budgeting. This was promoted by a June 1966 circular from Helsby to Permanent Secretaries:

When Governments took less of the country's resources than now, the main question was whether they should do more. As they have taken more and more resources, that question has been changing into one of making choices, rejecting one thing in order to be able to do another... Departments have made great efforts... to find ways of ensuring that they obtain the best value for money; for instance, by applying the techniques of cost effectiveness, cost benefit analysis, investment appraisal, operational research, work measurement, and so on. All this is good... But are there areas of expenditure... where there is a need for more systematic analysis...?<sup>221</sup>

Experiments with PPB were greatly influenced by the American use of this technique in military budgeting, and the MOD's own use of it in judging the relative merits of spending in different branches of the Forces.<sup>222</sup> Instead of measuring government spending in terms of 'inputs', usually in cash, this technique attempted to measure *outputs*, that is, how well that spending was meeting its objectives.

As a means of judging centrally where resources should <sup>be</sup> used, it encouraged enthusiasm for 'block budgeting' (see below), and Wilson's own preference for super-departments with executive planning bureaux. PPB also stood behind the work being done in the Programme Committees, expanding the work done on the inter-urban road programme, defence procurement, and nationalised industries' investment to less obvious, less narrowly economic, candidates such as health, housing and education.<sup>223</sup> This in turn supported the work of Cabinet and Cabinet Committees when they came to choose between priorities – though as a technical innovation only in the very early stages of development, its influence should not be exaggerated.

Other, more important, technical improvements were being made. One innovation of the public expenditure exercises from 1967 onwards was that public expenditure was brought more closely together with medium-term economic assessments. The vehicle for this was the Medium-Term Assessment Committee

---

<sup>221</sup> PRO T 277/1705: Helsby memorandum to Permanent Secretaries, 'Policy, planning and control', 13 June 1966

<sup>222</sup> PRO PREM 13/837: Wigg to Wilson, 'Cost effectiveness', 20 November 1964; PRO T 277/1705: Secretary's memorandum to TPEC, 'Output budgeting (functional costing)', 22 February 1966

<sup>223</sup> See below, chaps. IV-VI

(MTAC) set up in early 1967 to replace PCWP and work on a new National Plan.<sup>224</sup> Although its work had not progressed far enough to contribute much to PESC in 1967, the 1968 PESC Report stated clearly that public expenditure 'will depend mainly on the manner in which the economy as a whole develops... on this the latest assessment is given in the MTAC report'.<sup>225</sup> In accordance with the new 'wedge' philosophy, in which different models were built on high and low productivity assumptions, MTAC gave figures for different economic outcomes on just this basis, along with estimates of the effects of both planned, and lower, public spending.<sup>226</sup> MTAC reports showed a range of options rather than simply the most hopeful, with average growth figures of 2.6% to 3.5% all considered up to 1972.<sup>227</sup>

Along with the new realism went a renewed emphasis on central control, with the Treasury operating a monthly 'running tally' on expenditure from summer 1966, listing both new policy demands and pay and price upratings every month.<sup>228</sup> This allowed the Chancellor to be warned immediately of any 'alarming' developments, and in its revised form from September 1967 listed 'inevitable', 'possible' and 'unlikely' expenditure claims, for use by the Treasury alone, detailed not only their cash value but their likely manpower, growth and taxation implications.<sup>229</sup> From May 1968 similar figures went monthly to the Ministerial Steering Committee on Economic Policy as well, and they seem to have been a much more salutary lesson in

---

<sup>224</sup> PRO T 328/47: Allen to Sir W. Armstrong, 'Economic planning committees', 20 December 1966, Armstrong to Allen, 'Economic planning committees', 6 January 1967; PRO EW 24/132: Jukes memorandum to MTAC, 'Sub-committees of the MTAC', 2 February 1967

<sup>225</sup> PRO T 277/1980: *PESC report: summary report* (June 1968), p. 5

<sup>226</sup> PRO EW 24/133: *MTAC report: economic outlook to 1972* (?June 1968), e.g. tables A1-2, A4-5. B2, B5, pp. 31-2, 34-5, 38, 41

<sup>227</sup> e.g. PRO EW 24/135: DEA memorandum to MTAC, 'Industrial production and employment in 1972', 4 December 1967, MTAC memorandum, 'Medium term outlook after devaluation', 19 December 1967

<sup>228</sup> PRO T 277/1720: TPEC minutes, 12 August 1966

<sup>229</sup> PRO T 331/232: Vinter to Sir William Armstrong, 'The running tally', 10 October 1967, Vinter meeting with other Treasury officials, minutes, 11 August 1967

public expenditure control than the annual 'star chamber' of PEC had been.<sup>230</sup> This effectively allowed the Treasury direct monthly input into Ministerial decisions.<sup>231</sup>

Another attempt to gain control was the Public Expenditure Review Committee, set up by Jenkins in July 1968. This was a comprehensive 'internal review of the working and effectiveness of the "post-Plowden" system'. It attempted to resolve a number of outstanding questions, including the price conventions of PESC, and the need for bringing public expenditure more closely into line with the total growth of resources.<sup>232</sup> It was made up of Treasury civil servants and officials from the major spending departments, working in sub-groups before reporting to the main committee.<sup>233</sup> Treasury alarm at the upwards trend of public expenditure, especially on a number of 'uncontrolled' spending items, for instance the Farm Price Subsidy system and the BR deficit grant, was one reason for this. The economy was also taking longer to recover than expected, and this was causing the tax take to be lower than projected.<sup>234</sup>

Pressure was building up for reform elsewhere. A majority of SEP's members argued that it had become just another committee taking *ad hoc* decisions, not setting economic strategy as envisaged at its inception. These Ministers, unhappy at the 1968 cuts exercise, demanded a new presentation for public expenditure, allowing them to see the 'real impact on resources', net of claw-backs in tax take, and allowing for the fact that (as Crossman saw it) transfer payments had little impact on overall demand. They were also attracted by 'block budgeting', in which they would be able to move cash between individual programmes within each group of budgets (for instance, health), so meeting particularly acute demands for spending without it costing more in

---

<sup>230</sup> PRO CAB 13/3201: SEP minutes, 7 May 1968

<sup>231</sup> PRO T 277/2001: Secretaries' memorandum to TPEC, 'Public expenditure: savings in 1968/69 and 1969/70', 13 May 1968

<sup>232</sup> PRO PREM 13/2068: Allen to Permanent Secretaries, 10 July 1968

<sup>233</sup> PRO T 277/1978: PESC minutes, 30 July 1968

<sup>234</sup> PRO T 277/2001: Hudson to Baldwin, 'The threats of further pressure for increased public expenditure', 17 July 1968, Vinter memorandum to TPEC, 27 July 1968

total.<sup>235</sup> There had been a long-running campaign by Crossman and Balogh, among others, to have transfer payments treated differently in public accounting from expenditure on goods and services, resisted by the Treasury on the grounds that the Government still had to raise the money, whatever the impact on final resources of the actual expenditure.<sup>236</sup> They were only prepared to accept that transfer payments had 'no effect' if they were exactly matched by increases in taxation.<sup>237</sup>

Treasury members of PERC made their aims clear from the start. They attacked existing PESC practice for aiming at one 'focus' date, five years in the future, in the jargon planning the 'target' rather than the 'path'. This in their view reduced flexibility, meant that spending could move quickly out of line with resources, and made for inherently less realistic target-setting for an unforeseeable future. They wanted PESC to become a really meaningful 'planning, decision-taking and monitoring' body, one that would plan the path as well as the target.<sup>238</sup> PERC's first report was an attempt to tackle these concerns, though it made a series of concessions to the Crossman-SEP view. In future, for each category of expenditure, public spending would be set alongside net revenue, officials recommended. There should also be a 'transfer of real resources' column in this new presentation, showing the impact of public expenditure on demand, net of transfer payments. However, this would not concede the simplistic view that transfer payments 'did not matter', and the effects on savings, consumption and the timing of final demand changes would all be drawn out for each different type of spending.<sup>239</sup>

The Treasury got a lot of what it wanted out of this committee, which approved making the three-year 'focus' of the 1968 cuts a permanent part of PESC,

---

<sup>235</sup> PRO PREM 13/2068: Jenkins to Wilson, 17 July 1967; PRO CAB 13/3201: SEP minutes, 15 July 1968; RCD, 15 July 1968: Crossman, *Diaries* (1977 edn.), vol. III, pp. 135-6

<sup>236</sup> PRO PREM 13/270: Balogh to Wilson, 5 July 1965; PRO PREM 13/861: Crossman to Brown, 13 May 1966; Balogh to Wilson, 'PESC exercise', 7 October 1966

<sup>237</sup> PRO T 277/1714: Secretary's memorandum to TPEC, 'Transfer payments and public expenditure', 15 November 1966

<sup>238</sup> PRO T 331/231: Treasury memorandum to all PERC sub-committees, 'What is PESC for?', (?August) 1968

<sup>239</sup> PRO T 277/1973: Secretaries' memorandum to TPEC, 'PERC: first report', 15 October 1968

though recommending more information on years one and two, and the longer term beyond year three.<sup>240</sup> MTAC and PESC should also be brought together, the committee argued, to tease out the real implications of each extra spending decision in the medium term. This would reveal any 'prospective imbalance' between public expenditure and the growth requirements of the real economy.<sup>241</sup> PERC was less enthusiastic about block budgeting, especially where local authorities' role made Whitehall direction too diffuse and distant to be make switching resources under central criteria realistic: more studies were required on output budgeting before it could be recommended across government.<sup>242</sup> There was great enthusiasm in Whitehall for PERC. 'By indicating clearly the nature of the real constraints', Ronnie McIntosh of the Cabinet Office hoped, such a system 'would make it possible for Ministerial control of public expenditure to be something more than the simple process of sitting on the lid of a boiling kettle'.<sup>243</sup>

The public expenditure exercise of 1968 was informed by some of these principles. Each spending category was judged on its real effects on resources, especially helpful when Ministers were most concerned to secure a movement from home demand to demand for exports. But this did not work how Crossman and Balogh had imagined. Housing expenditure, for instance, was judged to be a good candidate for cuts because almost all of it was on goods and services, rather than transfers between individuals.<sup>244</sup> Longer-term work was furthermore to be handled by an inter-departmental Steering Committee on Public Expenditure (SCOPE) under Samuel Goldman, head of Public Income and Outlay, which would follow up the

---

<sup>240</sup> PRO T 277/2307: PERC second report, January 1969

<sup>241</sup> PRO T 331/227: PERC sub-committee on economic implications of public expenditure, draft report, November 1968; PRO CAB 134/3210: Jenkins memorandum to SEP, 'Handling of the report of the public expenditure review committee', 24 February 1969

<sup>242</sup> PRO T 331/231: Secretary's memorandum to PERC sub-committee on block budgeting, 'Sub-committee report', 22 October 1968

<sup>243</sup> PRO PREM 13/2068: McIntosh to Andrews, 'Public expenditure', 18 October 1968

<sup>244</sup> PRO T 277/2002: TPEC minutes, 23 October 1968



reforms listed in the PERC report.<sup>245</sup> SCOPE recommended building a greater degree of flexibility into the system: figures after the third year from the PESC exercise were to be given on a much more tentative basis than the near-term figures, to increase the realism and the flexibility of decision-making.<sup>246</sup> Ministers, however, were impressed enough with the exercise that they ordered the preparation of a White Paper on the new methods.<sup>247</sup> This would help them meet Parliamentary pressure for more scrutiny of government expenditure.<sup>248</sup>

None of this structural change would have been meaningful without the political will to restrain public expenditure, and select priorities rather than postpone choices into the future. This process was speeded by IMF pressure to restrain central government borrowing, as part of their wider pressure for credit restriction. In their Letter of Intent to the IMF of November 1967, the Government promised to hold down their borrowing requirement in 1968 to not more than £1bn, a reduction from the pre-devaluation projection of £1.5bn (though this in itself only involved holding the increase in public spending in that year to 4%). Even this proved politically very difficult, especially as the central government part of the borrowing requirement ran £160m over target in May 1968, due to the same factors that led to the creation of PERC – cost overruns, cancellation charges, and lower tax revenues than expected. The IMF delegation to London immediately registered their ‘alarm’ at this.<sup>249</sup>

IMF views on this were an additional factor in Jenkins’ continued efforts to reduce public expenditure in 1969, for in a further Letter of Intent to the Fund Britain was forced to accept targets for overall Domestic Credit Expansion, measuring

---

<sup>245</sup> PRO T 277/2297: Secretary's memorandum to SCOPE, 'Terms of reference and membership', 14 January 1969;

PRO T 277/2229: Cousins memorandum to SCOPE, 'Membership of the committee', 1 August 1969

<sup>246</sup> PRO T 277/2297: Marshall memorandum to SCOPE, 'Treatment of years 1 to 3 and 4 to 5 in an annual White Paper', 2 April 1969

<sup>247</sup> PRO CAB 134/3209: SEP minutes, 31 March 1969; Cmnd 4017, *New presentation*, pp. 7-9

<sup>248</sup> PRO T 277/2229: Secretary's memorandum to SCOPE, 'Proposed Parliamentary Committee structure', 12 June 1969

<sup>249</sup> PRO T 230/909: Treasury to IMF, 'Public expenditure and the borrowing requirement 1968/69', 21 May 1968, Treasury/ Bank meeting with the IMF, minutes, 22 May 1968

liquidity changes across the whole economy, in return for another \$1bn standby credit.<sup>250</sup> DCE targets subsumed the public sector borrowing objectives, but were even more difficult for government to meet than the previous limits, as they relied on the Government issuing more bonds to the non-banking sector to reduce total credit.<sup>251</sup> Treasury insiders feared that this might start a run on gilts, as confidence in them declined through over-issuing.<sup>252</sup> The £400m DCE target for public and private credit expansion *combined* meant that there would have to be net government repayment of debt in 1969/70 (£900 was the target for that year, which would allow for some economic expansion).<sup>253</sup> The Chancellor had already made public very tough targets for public expenditure in February 1969, of 4.6% growth in 1968/69, 1% in 1969/70, and 2% for 1970/71.<sup>254</sup> Some over-compensation then took place, with a small reduction in 1969 allowing debt repayment on a scale that had certainly not been seen since 1945 (see *charts II.4-II.5*).

---

<sup>250</sup> PRO T 326/979: Letter of Intent to IMF, 22 May 1969; *House of Commons debates*, vol. 785, cols. 1001-2:

Jenkins statement, 'International monetary fund (standby facilities)', 23 June 1969

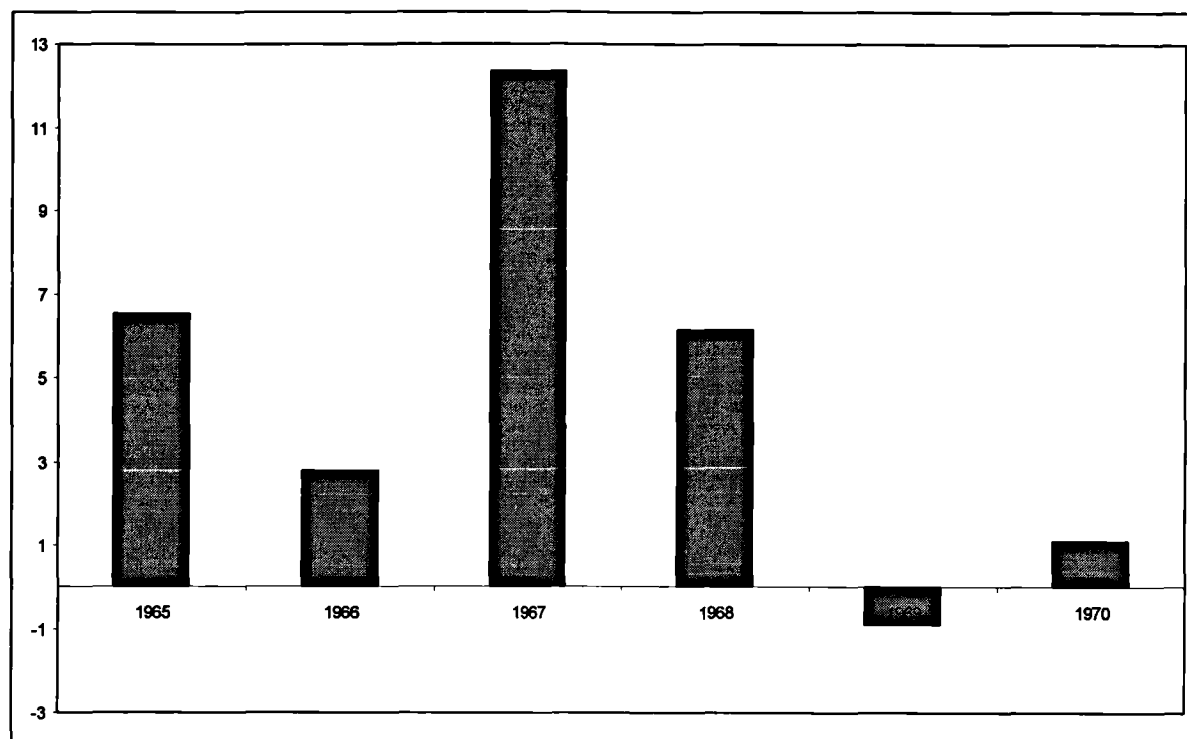
<sup>251</sup> RCD, 22 October 1968: Crossman, *Diaries* (1977 edn.), vol. III, pp. 231-2

<sup>252</sup> PRO T 326/978: Robert Armstrong to Figgures, 'IMF standby and overall credit ceiling', 7 February 1969; PRO PREM 13/2577: Graham to Wilson, 'Domestic credit and the IMF', 16 May 1969

<sup>253</sup> PRO T 326/979: Jenkins letter of intent to the IMF, 22 May 1969; *House of Commons debates*, vol. 785, cols. 1001-2: Jenkins statement, 'International monetary fund (standby facilities)', 23 June 1969

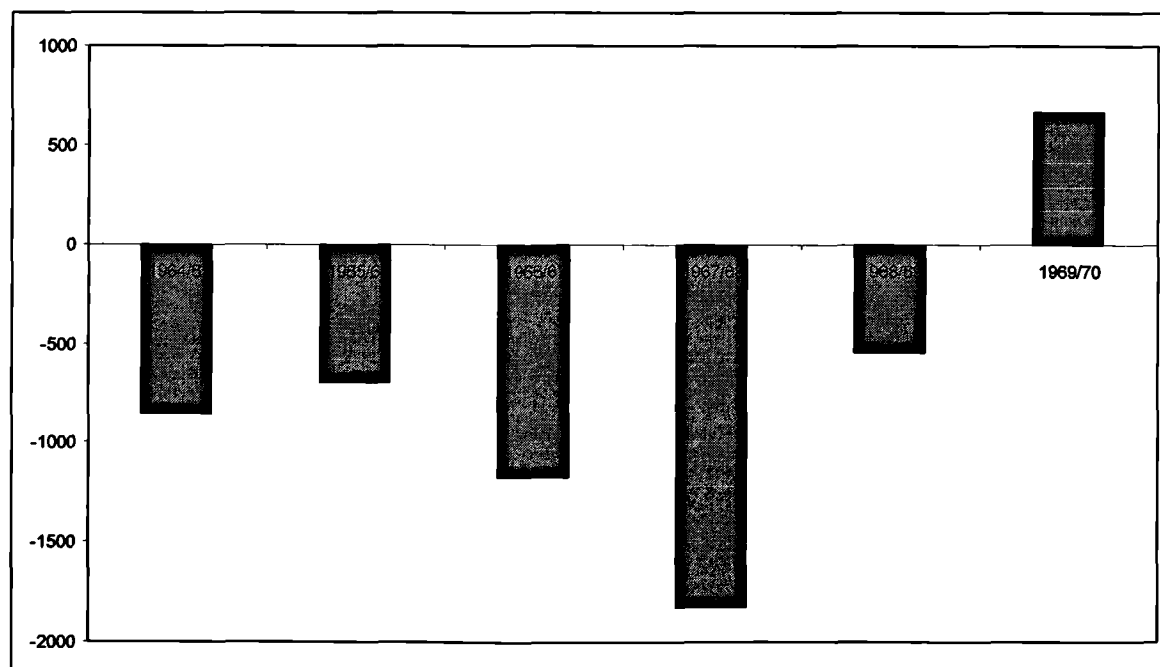
<sup>254</sup> Cmnd. 3936, *Public expenditure 1968/69 to 1970/71* (February 1969), table 2, p. 6; Pliatzky, *Spending*, p. 89

Chart III.4. Percentage increase/ decrease in total government expenditure, 1964-70 (constant 1964 prices)



Sources: *National income and expenditure* (1971), table 50, p. 64; *Economic trends* (various)

Chart III.5. Public sector deficit/ surplus, 1964-70 (£m, current prices)



Source: Blackaby, *Policy*, table 4.9, p. 187

Labour had repeated many of the Conservatives' mistakes. They had, of course, come to power committed to raising public spending, and they did so. However, its tendency to keep rising, above and beyond Ministers' targets, continued. The economy's refusal to grow at the expected rates also saw public spending, which was hard to restrain once committed, soar as a proportion of GNP in 1966-67. Although by 1970 a series of technical innovations had made it easier to monitor, plan and control, the insistence on constant rather than cash prices continued, a Treasury committee under Goldman rejecting cash limits in July 1969.<sup>255</sup> Nor were there any easy answers to the question of spending control on nationalised industries and local authorities. Success in controlling expenditure in 1968-70 had rested on the leeway given Jenkins by Sterling's parlous situation, and the intervention of international monetary authorities, rather than on the reform of machinery. There is therefore little evidence that the Plowden reforms had achieved their aims.

---

<sup>255</sup> PRO T 331/534: Economic Section memorandum to Goldman *ad hoc* group, 'Cash limits on public expenditure', 25 July 1969, Goldman meeting with other Treasury officials, minutes, 16 July 1969

*'Restiveness and dissatisfaction': Labour's plans for the regions*

Labour wanted to give a new central direction to regional planning. In Opposition, they had considered some very radical ideas, with Jay for one arguing that there should be 'regional controllers' at the head of inter-departmental Regional Boards, charged with both economic and environmental planning.<sup>256</sup> In government, the party also wanted to extend both the range and the geographical extent of regional aid to industry. Labour's primary regional policy legislation, the Industrial Development Act of 1966, was presented as just such a break with the past: as Jay told the Commons, they had 'swept away entirely the misguided notion of small isolated development districts'.<sup>257</sup> Instead of making regional incentives dependent on the employment situation, the Government simply scheduled all of northern England, all of Scotland except Edinburgh, most of Wales and the South West. The percentage of the British population covered by incentives under the Local Employment Acts was once again raised, from 16% to nearly 21%.<sup>258</sup>

These new Development Areas were also to be backed by higher rates of Investment Grants paid out in Development Areas, replacing investment incentives that, since they were paid out as a proportion of a company's tax bill, were seriously advantageous only to large and highly profitable firms. As plans for the grants were worked out during 1965, a number of senior advisors, including Kaldor and Roger Opie, advocated payroll subsidies per worker to an investment subsidy (a position which eventually issued in SET).<sup>259</sup> MacDougall appears to have agreed with them, arguing (in the jargon) that Plan D was preferable to Plan E, since its effects would be more immediate and dramatic.<sup>260</sup> However, they were overruled, since the majority of

---

<sup>256</sup> HABLP LPRD memoranda, I, II/RD 466: Jay memorandum, 'Regional planning', May 1963

<sup>257</sup> *House of Commons debates*, vol. 728, col. 941: Jay speech, Industrial Development Bill, second reading, 16 May 1966

<sup>258</sup> McCrone, *Policy*, p. 126

<sup>259</sup> PRO EW 24/20: Opie, Stewart, Marquand to Macdougall, 'Payroll of investment subsidy for the depressed regions', 5 May 1965, Kaldor memorandum to Fiscal Incentives Committee, 'The effects of differential payroll taxes and subsidies on productivity', 5 May 1965, Fiscal Incentives Committee minutes, 21 May 1965

<sup>260</sup> PRO EW 24/19: MacDougall to Burgh, 'Second Report of Sir Richard Clarke's Tax Committee', 12 March 1965

members of the Fiscal Incentives Committee, most notably those from the DEA's Industrial Division, objected to Plan D. They believed that payroll subsidies would simply encourage declining labour-intensive industries to move to the Development Areas, while subsidising employment might simply be passed on in wages and prices.<sup>261</sup> Ministers were therefore recommended to reject Plan D in favour of Plan E's Investment Grants, and although Wilson had this conclusion sent back for further consideration in June 1965, the result was the same.<sup>262</sup>

Labour's wish for increased central direction was also to the fore. Economic Planning Councils under the control of the DEA were set up to advise Ministers on the 'broad strategy on regional development and the best use of the regions' resources'.<sup>263</sup> There were to be two layers of regional planning machinery. Firstly, Economic Planning Councils were created, made up of local businessmen, trade unionists, academics, and local government representatives. Ministers also created Economic Planning Boards, constituted of the regional officials of each Ministry, who would provide the raw material (for instance on land use planning or transport priorities) for the EPCs to consider.<sup>264</sup> One out of the four divisions of DEA was to work with the EPCs and EPBs on a series of regional plans that would hopefully cover the entire country.<sup>265</sup> However, since the Government made it clear from the start that neither of these new tiers would have executive powers, their input would necessarily remain limited only to advice.

The role of the regional machinery also remained frustratingly elusive for the members of these bodies, especially civil servants serving on EPBs. They certainly

---

<sup>261</sup> PRO EW 24/20: Fiscal Incentives Committee minutes, 7 May 1965, BOT memorandum to same, 'Views of the Board of Trade', 19 May 1965

<sup>262</sup> PRO CAB 130/203: DEA, Treasury, and BOT report to MISC 1, 'Report on plans D and E', 15 June 1965; PRO PREM 13/272: Brown to Wilson, 16 June 1965, Balogh to Wilson, 21 June 1965

<sup>263</sup> *House of Commons debates*, vol. 703, col. 1829: Brown statement, regional economic planning, 10 December 1964; Mccrone, *Policy*, pp228, 230

<sup>264</sup> DEA, *Economic planning in the regions*, pp5-6; *DEA Progress Report*, December 1965, pp7-8; Leruez, *Planning*, p. 158; Bailey, *Guide*, pp87-8

<sup>265</sup> Clifford, 'Department', pp101-2

did not make any significant contribution to the National Plan; indeed the South Eastern EPB was not established until 1966. Ministries such as the Ministry of Labour continually complained that there was no uniform structure, list of responsibilities, or central direction on procedure.<sup>266</sup> The regional machinery was supposed to come into its own during the Plan review, providing advice on very long term environmental issues over a twenty-year time span.<sup>267</sup> Acting on this time-scale, there was very little possibility of EPCs and EPBs deciding 'to dabble in 5 year planning'.<sup>268</sup> They were thus excluded from what the Government's preferred time-horizon for economic planning.

Regional planning machinery was also handicapped by departmental rivalry. MHLG, as its name implied, was traditionally responsible for co-ordinating the physical planning responsibilities of local government, and tended to regard the EPCs as a nuisance.<sup>269</sup> In areas of particular pressure on the housing stock, for instance the South East and West Midlands, MHLG continuously attempted to wrest the lead on environmental planning from DEA.<sup>270</sup> The DEA always wanted a role in planning long-term population and industry distribution: for instance, it was the joint head of their Regional Division, Jack Beddoe, who chaired the inter-departmental Long-Term Population Distribution Committee in 1965-66.<sup>271</sup> Beddoe and the other DEA members of LTPD used their position to press for a 'wholly new' regional environmental policy, developing virgin areas of the country for industry and population, rather than concentrating on industrial overspill to New Towns. They

---

<sup>266</sup> e.g. PRO LAB 8/3345: MOL regional officers' conference, 13 January 1966; PRO LAB 8/3348: St John Wilson to Dunnett, 19 May 1966

<sup>267</sup> PRO EW 7/315: Steele memorandum, 'Developments in regional policy having implication for regional planning and the need for more regional statistics', 3 May 1966

<sup>268</sup> PRO EW 7/1145: Steele memorandum, 'Private sector planning, regions: why do we want information from private industry on a regional basis?', 29 June 1966

<sup>269</sup> e.g. PRO CAB 134/2762: Environmental Policy Committee [EP] minutes, 20 February 1967

<sup>270</sup> PRO EW 7/315: Beagley to Allen, 'The next stage in regional planning', 12 October 1967

<sup>271</sup> PRO EW 7/513: Steele to Peterson, 'The next Plan: regional component', 20 October 1965

particularly favoured the relocation of millions of people into Humberside, Dumfries and Galloway, and Flintshire in North Wales.<sup>272</sup>

However, other departments were totally opposed to this idea. BOT argued that there would not be enough mobile industry to encourage into these areas, and it would not be successful even if it did move, given these areas' distance from the 'thriving industrial belt'.<sup>273</sup> MHLG were even more aghast at LTPD's interim report, written inside DEA, and insisted that work on housing needs should be carried out in the official committee on environmental planning, where their ideas would take precedence. This was in fact a fundamental clash between post-war urban planning policy, with its emphasis on reducing urban overcrowding through moving jobs and people to satellite towns, and a more radical movement of people and employment to whole new regions. MHLG was committed to the more traditional ideas.<sup>274</sup>

This conflict was brought out very clearly when the DEA attempted to set up a Central Unit for Environmental Planning. The idea of a central unit, bringing together the work of all regional bodies and attempting to give them central direction, had emanated from Roll and the DEA. But when Brown and Rodgers met Greenwood to tell him about these plans, they had to accept that 'the intention was not to take away functions from other Departments but to get away from the piecemeal planning of the past'.<sup>275</sup> What the DEA hoped would become the nucleus of a national environmental planning agency was in fact diverted to study the problems of Humberside, relying for the physical planning aspects on a joint local authority team led by MHLG.<sup>276</sup> DEA

---

<sup>272</sup> PRO EW 25/258: Secretaries' memorandum to LTPD, 'An alternative choice of strategy for long-term population distribution', 20 January 1966, LTPD interim report, 9 May 1966

<sup>273</sup> PRO EW 25/258: BOT memorandum to LTPD, 'Some distribution of industry problems during the remainder of the century', 30 June 1966

<sup>274</sup> PRO EW 25/259: Study group on long-term population distribution, minutes, 5 October 1967; PRO CAB 134/2763: Heaton memorandum to EP, 'The new towns programme', 8 May 1967; PRO CAB 134/2762: EP minutes, 19 June 1967

<sup>275</sup> PRO EW 7/315: Brown, Rodgers meeting with Greenwood, 14 June 1966

<sup>276</sup> PRO EW 6/3: Cox, MHLG, to Vernon, DEA, 'Humberside', 13 July 1966



had hoped to accommodate perhaps 500,000-750,000 more people in Humberside by 1981: MHLG made sure that the Humberside study recommended only 75,000.<sup>277</sup>

Nor was the DEA able to bring the EPCs into the heart of government decision-making, for instance on public expenditure. The DEA tried very hard to force regional expenditure considerations into PESC, and managed in early 1965 to have public expenditure on new construction work broken down by region in PESC figures.<sup>278</sup> By autumn 1965, the next step envisaged by the DEA's Regional Division was to bring the actual EPC reports into the PESC structure, to help guide expenditure decisions through regional priorities.<sup>279</sup> However, even the DEA was not united in this desire, with senior members of Economic Planning and Public Expenditure Divisions arguing that the idea was too complicated, and premature.<sup>280</sup> Departments also told PESC that 'regional budgeting' under advice from EPCs was impracticable, with for instance education and health only possessing regional figures for two years ahead, not the five years of PESC.<sup>281</sup> This did not stop DEA continuing to press the idea throughout 1967.<sup>282</sup>

---

<sup>277</sup> PRO EW 6/27: Abbott to Jefferies, 'Humberside study - population assumptions, phasing of growth', 28 March 1968

<sup>278</sup> PRO EW 25/28: Rees to Brown, 11 January 1965, Goodhart to Henley, 'PESC - regional information', 2 February 1965

<sup>279</sup> PRO EW 7/513: Emanuel to Cory, 'Public expenditure and regional policy', 11 October 1965, Officials' meeting, 'Public expenditure and regional policy', minutes, 18 October 1965

<sup>280</sup> PRO EW 25/30: Henley to Cory, 'Public expenditure and regional policy', 2 November 1965; PRO EW 7/513: Grieve Smith to Peterson, 'Public expenditure in the regions', 4 November 1965, Henley to Beddoe, 'Public expenditure and regional planning', 4 November 1965

<sup>281</sup> PRO T 277/1593: TPEC minutes, 15 November 1965; PRO EW 25/30: Balogh to Brown, 17 November 1965, Departments to Kitcatt, secretary of PESC, 24 November 1965

<sup>282</sup> PRO EW 25/404: DEA memorandum to working group on regional public expenditure, 'Preparation of material for the EPCs and EPBs', 8 May 1967; PRO EW 25/414: Working Group on regional public expenditure, minutes, 11 May, 7 July 1967

Here there was a more fundamental problem than departmental rivalry, for allowing EPCs input into spending policy ran counter to the realities of government. As one Treasury official put it privately:

While DEA are anxious to give the councils some sense of performing a role in relation to public expenditure, our whole system of allocation and control is operated through Departments which work on a national scale. There is no machinery whereby a regional council could bring about a reduction in the road programme in their region in order to provide more schools, because if they could persuade the Minister of Transport that their region needs less roads, that Minister would... wish to use the available resources elsewhere in the roads block, and not make a present of it to the Secretary of State for Education.<sup>283</sup>

More widely, the Treasury was quite correct in its basic argument that the regional bodies would always have quite different priorities, which had to be reconciled at the centre. For instance, those EPCs outside the areas that would benefit from the Regional Employment Premium (see below) were furious that it was adopted.<sup>284</sup> The South East EPC wanted a looser IDC control to allow small firms to expand on site, quite contrary to the interests of the other regions.<sup>285</sup> Even the DEA's own regional planning division realised that EPCs tended 'to be regional pressure groups without the limitations imposed by powers and financial responsibilities'.<sup>286</sup> The whole point of receiving reports from every area of Britain was to fit them together in a national framework – meaning that the answer to EPCs would sometimes have to be 'no'. By 1967, even the head of DEA's Regional Division, Arthur Peterson, doubted the worth of having regional planning councils at all.<sup>287</sup>

The Government was in fact forced to reject outright a number of EPC reports, for instance that for the West Midlands, which called for a massive overspill housing operation and the lifting of office and industrial building restrictions, given the

---

<sup>283</sup> PRO T 331/120: Marshall to Isaac, 'Working group on regional public expenditure: draft paper on public expenditure', 11 September 1968

<sup>284</sup> e.g. PRO EW 25/301: East Anglian EPC to DEA, 'REP', 15 May 1967

<sup>285</sup> South East EPC, *A strategy for the South East* (HMSO, London, 1967), p. 64

<sup>286</sup> PRO EW 7/315: Beagley to Allen, 'The next stage in regional planning', 12 October 1967

<sup>287</sup> PRO EW 7/315: Peterson to Burgh, 'Future development of the regional machinery', 27 October 1967

priority Labour gave to the Development Areas.<sup>288</sup> EPCs and EPBs had never been envisaged as having actual executive powers of their own: but the hopes of 1964-65, that they could form a potent source of advice, were thwarted by both departmental rivalry and the sheer pressure of choosing regional priorities at the centre.<sup>289</sup> Only DEA and MOT 'freely consulted' with the regions: given the important regional responsibilities of other particularly MHLG, consultation must be accounted a failure.<sup>290</sup> Stewart reported on the EPCs' 'restiveness and dissatisfaction' in February 1967, while some of the EPC reports explicitly called for more help with research and administration if they to make any headway.<sup>291</sup> Despite continued efforts, and Prime Ministerial intervention, the experiment with regional power sharing was a failure.<sup>292</sup>

Regional planning ran into other problems. The whole basis of SET, for instance, in discriminating against services, was highly controversial in geographically isolated areas of Britain that relied on tourism. By aiding manufacturing in the Midlands, SET directly contradicted the Government's regional policies. The DEA estimated that only £18m was taken out of the economy of the Midlands annually by SET, £21m from the North West, and £23m from Scotland.<sup>293</sup> Those within government (Kaldor, for instance) who had always preferred a regional payroll subsidy to investment grants, were able to argue that SET should therefore be

---

<sup>288</sup> West Midlands EPC, *The West Midlands: patterns of growth* (HMSO, London, 1967), pp. 54-50, 52-5 PRO

EW 7/682: Shore to GAH Cadbury, 'Government's views on the Council's first report', 20 December 1967

<sup>289</sup> PRO EW 6/100: DEA memorandum to meeting of EPB chairmen, 4 July 1968

<sup>290</sup> PRO EW 24/200 II: Shore meeting with EPC chairmen, 17 October 1968

<sup>291</sup> PRO CAB 134/2762: Stewart memorandum to EP, 'Regional economic planning councils', 14 February 1967; North West EPC, *Strategy II: the North West of the 1970s* (HMSO, London, 1967), pp. 66-7

<sup>292</sup> e.g. PRO PREM 13/1399: Wilson to Stewart, 7 March 1967, Stewart to Wilson, 21 March 1967, 8 May 1967

<sup>293</sup> PRO EW 25/348: Scottish Office memorandum to SET sub-group on regional differentiation, 'The case for regional differentiation', 27 October 1966; PRO T 328/198: MacLennan, Dewar meeting with Callaghan, minutes, 14 March 1967; *House of Commons debates*, vol.730, cols. 1575-6: Callaghan oral answer, 'SET', 28 June 1966; PRO T 320/667: DEA memorandum to SET sub-group on regional differentiation, 'Regional effects of SET', 12 September 1966

amended, to use it as a regional as well as a sectoral economic implement.<sup>294</sup> Callaghan ordered a review of this in October 1966.<sup>295</sup>

This review recommended that SET indeed be altered, but in the most conservative way possible, to cover only areas where tourism was vital for the economy – the South West, West Wales, and the Scottish Highlands.<sup>296</sup> Some of the ideas in this report were embodied in the 1969 Tourism Development Act, with grants for developing hotels and leisure industries.<sup>297</sup> But the idea of a regional payroll tax and subsidy remained controversial. BOT carried on its opposition to regional payroll differentiation, continuing to argue that physical measures, for which it was responsible, would have more impact.<sup>298</sup> However, Callaghan (prompted by Kaldor) was attracted by the possibility of 'selective reflation', boosting demand in depressed areas without having to raise additional taxes to prevent over-heating, as well as the promise of further Treasury leadership on this issue, given its responsibility for the tax system.<sup>299</sup> He therefore brushed aside colleagues' argument that the proposed £1-2 per man, per week, rebate on manufacturing employment in the Development Areas would do nothing for tourism and services in these areas, which would have to be helped in other ways, at further cost.<sup>300</sup>

Such ideas were at the root of the June 1967 Green Paper that proposed a Development Area rebate from SET, additional to the manufacturing premium, of 30s

---

<sup>294</sup> PRO LAB 8/3436: Kaldor to Bretherton, 'Regional incentives', 3 January 1967

<sup>295</sup> PRO T 320/667: SET sub-group on regional differentiation, minutes, 12 October 1966

<sup>296</sup> PRO EW 25/348: Secretaries' memorandum to SET sub-group on regional differentiation, 'Report to SET working group', 14 November 1966

<sup>297</sup> *Public general acts and measures 1969*, vol. II, c.51, pp. 1427-31: Development of Tourism Act, 25 July 1967

<sup>298</sup> PRO T 320/669: BOT memorandum, 'Regional aspects of SET', 3 January 1967; PRO LAB 8/3436: Callaghan meeting with Stewart, Ross, Jay, Gunter, Benn, minutes, 22 February 1967; PRO CAB 134/3198: Jay memorandum to SEP, 'Financial assistance to development areas', 2 March 1967

<sup>299</sup> He commented 'we should keep control of it'; PRO T 328/198: Baldwin to Edwards, 'Regional employment premium', 20 March 1967; Blick, 'Revolutionaries', chapter IV, pp. 74-5

<sup>300</sup> PRO CAB 134/3198: Callaghan memorandum to SEP, 'The development areas: a proposal for a regional employment premium', 1 March 1967; PRO CAB 134/3196: SEP minutes, 6 March 1967

per week for every full time male employee, 15s for women, 15s for boys, and 9s 6d for girls. This was a product of 'selective reflation', since this Regional Employment Premium might help the planned economic upswing 'to be achieved without adding effectively to inflationary pressures or leading to any worsening in the balance of payments'.<sup>301</sup> Despite opposition from the CBI, the Government adopted REP for just this reason.<sup>302</sup> It was thought that increased re-training opportunities and investment grants in the Development Areas would allow firms to take advantage of the higher unemployment rates in those areas.<sup>303</sup> MOL officials were highly sceptical as to whether this could be achieved, and feared that REP would be passed on in wages.<sup>304</sup> However, Ministers decided that the original scheme should go ahead.<sup>305</sup> The Government increased regional employment subsidies further in April 1968, when the SET manufacturing industry premium (worth 7s 6d a week, per male worker) was withdrawn, since the premium was kept for Development Areas for another year.<sup>306</sup>

As Ministers and officials had realised when preparing REP, giving more and more aid to Development Areas was harming the prospects of adjacent localities. MHLG, for instance, had pressed very hard for New Towns to be included in REP, so that they could attract new industry. There was also pressure for the so-called 'grey areas', most notably North East Lancashire, Plymouth, Cardiff, and South East Wales, to be included. The pressure for some extension of government aid was clearly increased by the increased strength of regional policy.<sup>307</sup> Officials warned that there

---

<sup>301</sup> Cmnd 3310, *The development areas: regional employment premium* (June 1967), p. 4-6

<sup>302</sup> The CBI's counter-advocacy of a profit-related regional incentive is summarised in UWMRC MSS

200C/1/1/E/318.68: CBI Office memorandum, 'CBI regional study', September 1968

<sup>303</sup> PRO EW 25/301: DEA memorandum to Environmental Planning Official Committee, 'Economic assessment of comments on the Green Paper', 10 May 1967; PRO PREM 13/1441: Allen, DEA, to Halls, No. 10, 'Unofficial note of CBI Grand Council Conclusions on 17th May about REP', 17 May 1967

<sup>304</sup> PRO LAB 8/3436, PRO T 224/1385: Treasury/ DEA/ MOT/ MPBW meeting, 'REP', minutes, 18 May 1967

<sup>305</sup> PRO CAB 134/3196: SEP minutes, 23 May 1967; PRO CAB 128/42: Cabinet minutes, 25 July 1967

<sup>306</sup> PRO CAB 128/42: Cabinet minutes, 16 November 1967; *House of Commons debates*, vol. 757, cols. 664-5:

Diamond speech, Revenue (no. 2) Bill, Second Reading debate, 8 February 1968

<sup>307</sup> 307

would be calls for Bridlington, Fylde and North Wales coast, North Norfolk and South Devon, to be scheduled if those 'grey areas' were helped.<sup>308</sup>

Structural economic changes were also driving this process. The planned run-down of mining in localities outside Development Areas, for instance in Leicestershire and Yorkshire, where the government was offering more spending on roads and special supplements to employment benefits for unemployed miners, was a cause of particular concern.<sup>309</sup> A 'mixed' enquiry, composed of both civil servants and outside experts, was appointed in summer 1967, under Sir Joseph Hunt, to look at the problems of the 'intermediate areas', as they became known.<sup>310</sup>

However, it might take two years for the Report to be completed. As the employment situation worsened through 1967 and 1968, pressure therefore built up for interim measures that could be taken within existing powers. Frustration grew in Whitehall that the Hunt Inquiry was delaying government action.<sup>311</sup> But without the perceived authority of a Report Ministers themselves had commissioned, and its hoped-for quantitative guide to 'grey area' selection, Ministers proved unable to decide on extensive measures of help to these areas.<sup>312</sup> Help was again only given on the public expenditure side, amounting to over £7m of capital works brought forward, in parallel with the 1967-68 winter works exercise.<sup>313</sup>

The Government did take interim action in the coal-mining areas. A number of colliery closures were deferred: eight out of thirty six were put back by between three

---

<sup>308</sup> PRO CAB 130/338: BOT memorandum to MISC 168, Industrial investment, 'Investment incentives in grey areas', 8 September 1967

<sup>309</sup> Cmnd 3438, *Fuel policy* (November 1967), pp. 50-1; PRO CAB 134/2761: Peterson memorandum to EP, 'The colliery closure programme', 23 May 1966

<sup>310</sup> PRO PREM 13/2587: Jay to Stewart, 13 June 1967; PRO T 224/1384: Bretherton to Bell, 7 June 1967

<sup>311</sup> PRO BT 177/2416: Darling memorandum, 'Yorkshire and Lancashire grey areas', 27 October 1967, Whitehouse memorandum, 'Yorkshire and Lancashire grey areas', 30 October 1967, Crosland/ Darling meeting, minutes 3 November 1967

<sup>312</sup> PRO CAB 134/2766: Shore memorandum to EP, 'Interim assistance for intermediate areas', 29 March 1968

<sup>313</sup> PRO CAB 130/356: Dell memorandum to MISC 168, 'Investment projects in the grey areas', 30 January 1968

and six months during the winter of 1967-68.<sup>314</sup> Some extension of travel-to-work and retraining grants, and £6m more in minor roadworks, were also allocated in the areas listed for closures, though such action was confined to those very small areas where unemployment might go above 8%.<sup>315</sup> More interventionist schemes were also developed to help these areas, which became known as 'Special Development Areas'. These included a central Relocation Corporation with executive powers, though this was eventually thought impractical.<sup>316</sup> Government eventually settled on a 10% grant on the purchase and operation of capital goods, over and above the 20% non-Development Area rate already in place.<sup>317</sup> Bespoke regional aid had been designed with one particular group of localities in mind, a crucial pointer to the future – though the cost was only £10m over the first two years.<sup>318</sup>

The Hunt Report, published in April 1969, was in the end deeply unpopular in government, on grounds of cost, the geographical extent of the proposed intermediate areas, and IDC policy. Hunt recommended that Merseyside be de-listed, while the whole of the North West and Yorkshire and Humberside economic planning regions should be designated as 'intermediate areas' with 25% building grants available for new industry, and a 15-year plan for the clearance of derelict land. This would attract 85% central government grants. IDC policy, Hunt recommended, should be relaxed, with the lower exemption limit raised from 5,000 square feet to 10,000.<sup>319</sup> But officials

---

<sup>314</sup> PRO CAB 134/2764: Burrett memorandum to EP, 'Rundown of coal industry - possible measures of assistance for localities with high unemployment', 11 September 1967; PRO CAB 134/2762: EP minutes, 12 September 1967; PRO CAB 134/3196: SEP minutes, 26 September 1967; PRO PREM 13/1414: Halls to Burgh, 12 September 1967

<sup>315</sup> PRO CAB 134/2764: Secretaries' memorandum to EP, 'Rundown of coal industry - possible measures of assistance for localities with high unemployment', 12 October 1967; PRO CAB 134/2762: EP minutes, 17 October 1967; PRO EW 7/1160: Lomax to Casey, Vernon, 'Road improvement in special development areas', 19 July 1968

<sup>316</sup> PRO EW 7/1165: Williams to Shore, 'Public ownership and special development areas', 29 January 1968, Shore meeting with officials, minutes, 13 February 1968

<sup>317</sup> PRO CAB 134/2762: EP minutes, 10 November 1967; PRO EW 7/1157: Burgh to Peterson, 'Super-development areas', 31 October 1967, Peterson to Burgh, 3 November 1967

<sup>318</sup> PRO EW 7/1161: O'Brien to Caplan, 'Special development areas', 16 December 1968

<sup>319</sup> Cmnd 3998, *The intermediate areas* (April 1969), pp. 150-1

had already decided that such proposals 'would involve spreading resources too thinly', as well as being 'expensive... and the effects... long term and uncertain'.<sup>320</sup> Allen and the rest of the official committee on economic policy preferred a much more tightly drawn list of areas to help, with help tied to the creation of employment (a criterion which Hunt wanted to abandon).<sup>321</sup>

Many Ministers were also bitterly opposed to Hunt's recommendations. Even before the report was published, Gwyneth Dunwoody, Crosland's junior Minister at BOT, had already concluded that the rumoured inclusion of all of Lancashire and Yorkshire within intermediate areas would be unacceptable, diluting government help to truly needy regions.<sup>322</sup> Furthermore, most Cabinet Ministers disagreed with downgrading Merseyside, which was one of the measures Shore thought 'would undoubtedly dishearten our supporters and give gratuitous encouragement to the Opposition'.<sup>323</sup> Most Ministers agreed, those broadly on the Right worried that intermediate areas would be just another step towards near-universal expenditure on support for industry, and those on the Left resisting an apparent attempt to down-grade the Development Areas. Wilson came up with a typically ingenious compromise at SEP: the whole of the 'Hunt areas' would be designated Intermediate Areas, but this would mean only the adoption of a liberal IDC policy. Special zones within the grey areas would then be selected for further aid using grants and loans.<sup>324</sup>

The Environmental Planning committee of Cabinet was asked to work out the details.<sup>325</sup> A two-tier solution was adopted for the intermediate areas, meaning that there were now to be six tiers of regional policy in all. 25% Building grants and the full range of BOTAC assistance would be available in the Yorkshire coalfield, South

---

<sup>320</sup> PRO CAB 134/3211: Secretaries' memorandum to SEP, 'Report of the working group on fiscal and economic aspects of regional policy', 13 March 1969

<sup>321</sup> PRO CAB 134/3212: Allen memorandum to SEP, 'Intermediate areas: the Hunt Report: memorandum on the issues for decision', 14 March 1969

<sup>322</sup> PRO BT 177/2417: Dunwoody to Crosland, 'Hunt Committee', 14 November 1968

<sup>323</sup> PRO CAB 134/3212: Shore memorandum to SEP, 'Regional policy: Hunt Report', 17 March 1969

<sup>324</sup> PRO CAB 134/3209: SEP minutes, 19 March 1969

<sup>325</sup> PRO CAB 134/3212: Shore memorandum to SEP, 'Regional policy: Hunt Report', 10 April 1969



East Wales, Plymouth, parts of North Eastern Lancashire, Northern Humberside, part of Nottinghamshire and Derbyshire coalfield area, and Leith. The rest of the Hunt 'intermediate areas' were to be eligible, as were those priority zones, for 75% derelict land grants and liberal IDC policies.<sup>326</sup>

One of the basic problems had been that, at a time of public expenditure constraint, Ministers only had been able to allocate about £20m to the new policy. This caused a bitter debate on where the money was to come from, which Crossman excoriated as '[getting out] the pork barrel, sorting it out and sweating it round'.<sup>327</sup> But the intermediate areas could not now be ignored, despite Benn and Jenkins being against Hunt in its entirety. Crossman wrote of the crucial meeting of SEP that 'so many promises have been made in Blackburn... Humberside... Yorkshire... Derbyshire and... Plymouth that all kinds of expectations have been built up'.<sup>328</sup> The Cabinet at first settled on offsetting savings by reducing Investment Grants in Development Areas from 40% to 35%. However, Crosland and BOT (unhappy with the whole idea of intermediate areas) were able to delay final commitment by arguing that the Government's aluminium smelter project would be endangered.<sup>329</sup> They were able to force a review, during which Ministers decided instead to withdraw the 7s 6d regional SET premium to pay for Intermediate Area measures. Given REP, this was thought to be less politically hazardous.<sup>330</sup>

---

<sup>326</sup> PRO CAB 134/3209: SEP minutes, 21 April 1969; PRO CAB 129/141: Shore memorandum to Cabinet, 'The Hunt Report', 22 April 1969; *House of Commons debates*, vol. 782, cols. 669-71: Shore statement, 'Hunt Committee (Report)', 24 April 1969

<sup>327</sup> RCD, 21 April 1969: Crossman, *Diaries* (1977 edn.), vol. III, pp. 448-9

<sup>328</sup> PRO CAB 134/3209: SEP minutes, 17 April 1969; RCD, 17 April 1969: *ibid*, p. 444

<sup>329</sup> PRO CAB 129/141: Crosland memorandum to Cabinet, 'Hunt Committee Report; Investment grants', 23 April 1969; RCD, 24 April 1969: Crossman, *Diaries* (1977 edn.), vol. III, p. 452

<sup>330</sup> PRO CAB 128/44: Cabinet minutes, 24 April 1969; PRO T 328/444: Crosland to Diamond, (May?) 1969, Diamond to Wilson, 22 May 1969, Benn to Wilson, 2 June 1969; PRO CAB 134/3213: Diamond memorandum to SEP, 'Intermediate areas: offsetting savings', 3 June 1969; PRO CAB 134/3209: SEP minutes, 6 June 1969

Table III.6. Refusal of IDC applications, 1964-70.

<i>Year</i>	<i>IDC refusals, percentage of possible employment refused as percentage of total official applications</i>
1965	27.5
1966	26.9
1967	24.5
1968	17.6
1969	18
1970	20.5

Source: Moore & Rhodes, 'Effects', table A4, p. 109

Labour's large increase in regional expenditure did give much less of a *relative* boost to industry in the Development Areas than the absolute figures suggest, since Investment Grants, unlike the allowances and incentives that prevailed before 1966, were paid out across the country. But traditional policies were continued, and usually intensified. IDC refusals, for instance, ran higher than the Conservative years, at least in the expansionary earlier phase of Labour government. In the later phase, the lower pressure of demand for new industrial premises, the Hunt Report's recommendation of a more liberal IDC policy, and greater scepticism about the extent of mobile industry, all led to a relative easing – though never back to the *laissez faire* attitude that prevailed before the 'new approach' (see *table III.6*).

The lower exemption for factory building expansion, below which IDC control did not apply, was lowered from 5,000 square feet to only 1,000 in 1965. Ministers rejected Hunt's recommendation that this lower limit should be raised again.<sup>331</sup> Labour also introduced controls over office building in London, a measure the Conservative had considered and rejected in 1962. From 1965, Office Development Permits, on the same lines as IDCs, were required for new or expanded office space: this control covered the South East, Midlands and East Anglia by 1966.<sup>332</sup>

<sup>331</sup> *House of Commons debates*, vol. 717, cols. 228-31: Callaghan statement, 'Balance of payments, government measures', 27 July 1965; *House of Commons debates*, vol. 782, cols. 669-71: Shore statement, 'Hunt Committee (Report)', 24 April 1969

<sup>332</sup> PRO CAB 128/39: Cabinet minutes, 3 November 1964; McCrone, *Policy*, p. 130

Moreover, by 1969/70, investment grants disbursed in Development Areas were massively disproportionate to their population and economic importance: overall help remained far above LEA expenditure under the Conservatives (see *table III.7*). Government factory building and derelict land clearance had been exempted from the 1965 six month spending moratorium, the cuts of 1966 and the emergency devaluation exercise.<sup>333</sup> These programmes were increased in November 1966 and April 1967.<sup>334</sup> Local authorities were encouraged to use the NCB's expertise in land clearance, and a more benevolent attitude taken towards such expenditure, from spring 1967.<sup>335</sup> Ministers remained keen on 'physical' regional policy throughout 1964-70, with increased factory building authorised in March 1970.<sup>336</sup> Overall expenditure under the Local Employment Acts, derelict land payments, and advance factory building can be followed in *tables III.8-III.9*.

*Table III.7. Investment grant payments (£m, 1968 prices, excluding shipbuilding)*

	<i>Total paid out in Development Areas</i>	<i>Total paid out</i>	<i>DAs as % of total</i>
1967/68	152.13	294.00	51.74
1968/69	184.25	415.13	44.39
1969/70	188.15	461.67	40.75

*Source:* BOT/ Mintech, *Reports on the Industrial Development Acts*, 1967/68, table 8, p. 8, 1968/69, tables 6-7, pp. 8, 10, 1969/70, tables 5-6, p. 7

<sup>333</sup> PRO T 277/1714: TPEC memorandum, 'Public expenditure review and regional policy', 16 September 1966

<sup>334</sup> PRO CAB 134/3195: Secretaries' memorandum to SEP, 'Advance factory programme', 11 November 1966; PRO CAB 134/2761: Jay memorandum to EP, 'Further measures in the Development Areas', 18 November 1966, EP minutes, 23 November 1966; PRO CAB 134/3198: Jay memorandum to SEP, 'Development areas: further measures', 20 April 1967; PRO CAB 134/3196: SEP minutes, 24 April 1967

<sup>335</sup> PRO CAB 134/2761: Greenwood memorandum to EP, 'Derelict land', 30 November 1966; PRO CAB 134/3198: Jay memorandum to SEP, 'Financial assistance to development areas', 2 March 1967; PRO BT 177/2415: MHLG Circular 17/67, 10 March 1967

<sup>336</sup> PRO CAB 134/2771: Urwin memorandum to EP, 'Advance factory programme 1970', 10 March 1970, Varley memorandum to EP, 'Advance factory programme', 11 March 1970, Ross memorandum to EP, 'Advance factory programme 1970', 16 March 1970, EP minutes, 18 March 1970

Table III.8. LEA and derelict land reclamation payments, 1964-70 (£m, 1964 prices)

	<i>Total LEA payments</i>	<i>Derelict land payments</i>	<i>Total help</i>
1964/65	40.61	1.08	41.69
1965/66	40.38	0.65	41.03
1966/67	50.91	0.08	50.99
1967/68	41.65	1.92	43.57
1968/69	47.00	1.74	48.73
1969/70	68.08	1.82	69.90

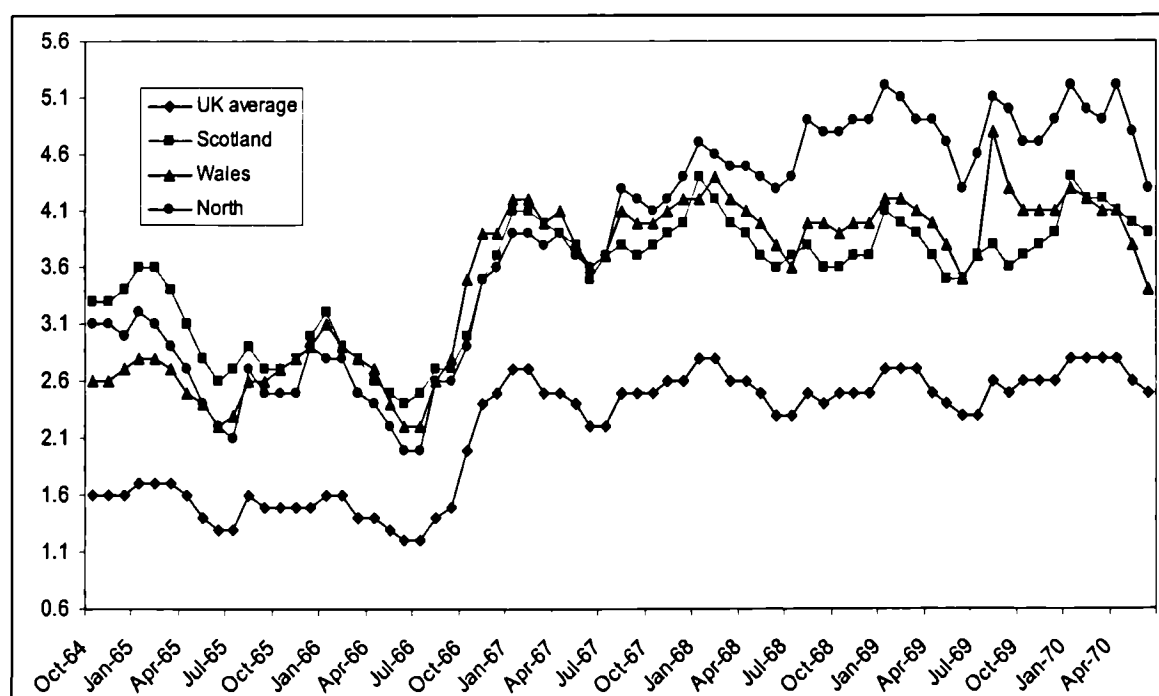
Sources: BOT/ Mintech, *Reports on the Local Employment Acts*, 1964/65, table VI, p. 8, p. 10, 1965/66, table VI, p. 6, pp. 10-11, 1966/67, table VI, and text, p. 8, 1967/68, table VIII, p. 8, pp. 10-11, 1968/69, table VIII, p. 8, p. 11, 1969/70, appendices IIIB, tables 1-4, pp. 21-2, IIIC, tables 1-2, p. 23, IIID, table, p. 24, VII, p. 31, tables 1-2, p. 34

Table III.9. Government advance factory building, 1964-70

	<i>Number</i>	<i>Area (000s sq ft)</i>	<i>Cost (£m, 1964 prices)</i>
1964/65	130	3273	12.73
1965/66	114	3148	11.77
1966/67	120	3096	13.20
1967/68	101	2572	10.35
1968/69	134	3039	11.89
1969/70	149	3492	14.61

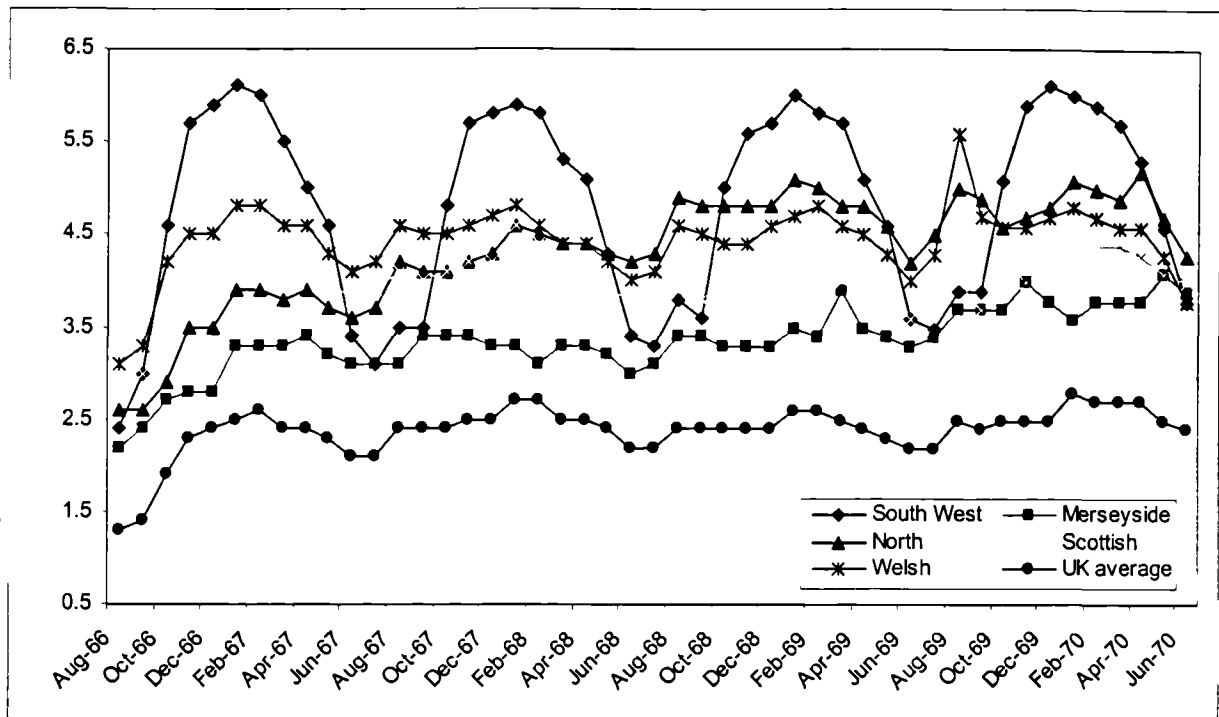
Sources: BOT/ Mintech, *Reports on the Local Employment Acts*, 1964/65, table I, p. 4, 1965/66, table I, p. 3, 1966/67, table I, p. 2, 1967/68, table I, p. 3, 1968/69, table I, p. 2, 1969/70, app. IIIA, table I, p. 42

Chart III.6. Percentage unemployment in three regions against GB average (not seasonally adjusted), 1964-70



Source: MOL Gazette (January 1968), tables 104-116, pp. 62-74, (February 1971), tables 104-116, pp. 198-210

Chart III.7. Development areas' unemployment against GB average, 1966-70 (not seasonally adjusted, % of work-force)



Source: MOL/ DEP gazette (various)

However, many of these policy instruments had been available since the 1930s, and pressure grew, for instance on Labour's NEC, for more 'selective' measures. with the NEC Study Group on Regional Strategy in 1969 recommending more central direction in regional policy and increased discretion and selectivity in the payment of Investment Grants.<sup>337</sup> Crosland therefore launched a wide-ranging internal review in November 1969.<sup>338</sup> This too was focussed on 'more industrial selectivity', in doing so revealing a worrying lack of information and regional organisation and having to start from scratch on the effectiveness of REP, the mobility of employment, and the prospects for the declining industries in the Development Areas.<sup>339</sup> By the time Labour

<sup>337</sup> HABLP NEC minutes vol. 9 (April - July 1968), p75: HABLP RD I/II, Re 523: LPRD memorandum, 'Study group on regional policy: summary of draft report', October 1969

<sup>338</sup> PRO CAB 134/2770: Crosland memorandum to EP, 'Review of regional policy', 14 November 1969; PRO CAB 134/2771: Crosland memorandum to EP, 'Review of regional policy', EP minutes, 23 March 1970; PRO BT 177/2762: Andrews to Coates, 'Review of regional policy', 25 March 1970, Heaton to Leckie, 26 March 1970

<sup>339</sup> PRO BT 177/2762: BOT memorandum to regional policies review group, 'The contribution of regional offices', April 1970, Regional policies review group minutes, 23 April 1970

left office, the review had therefore reached only preliminary conclusions, though it was clearly sceptical about the amount of mobile industry that could be forced into the Development Areas.<sup>340</sup>

Labour in power had enormously expanded both the geographical range, and the cash value, of regional policy. But the aim was fundamental re-orientation, away from the relief of local unemployment and towards regional development as a whole. Despite a range of innovations, this had met with only partial success. Nor, as *charts III.6 and III.7* make clear, had a marked improvement in the problem areas' relative regional unemployment situation – or in the case of the South West, a reduction in its reliance on seasonal tourism for employment – been achieved, though of course *absolute* levels of unemployment in those areas would have been even higher if regional policy had not existed at all.<sup>341</sup> The promised regional planning machinery was emasculated by departmental vested interests and at odds with some of the realities of government: it quickly fell by the wayside. 'Industrial selectivity' seemed a fruitful source of new ideas, but had not progressed beyond inchoate ideas by June 1970. It was no wonder that some Ministers, and others within the wider Labour Party, were questioning the whole basis of regional policy itself.

---

<sup>340</sup> PRO CAB 134/2771: EP minutes, 29 April 1970

<sup>341</sup> Though there is a discussion of the difficulties of judging the counterfactual effects of regional policies as against inaction in E.G. West, "'Pure" versus "operational" economics in regional policy', in G. Hallett, P. Randall & *idem* (eds.), *Regional policy for ever?* (IEA, London, 1973), pp. 108-9, 120-21, 129-31, 139-40

## IV

### EDUCATION

[Education was] a Looking Glass country, where it was always necessary to run faster and faster to stay in the same place.

-Sir William Pile, 1979<sup>1</sup>

*'Savage reductions': the paradox of expansion, 1959-64.*

Education should have been a Conservative success story, for it fully shared in the gains of prosperity. As *charts IV.1 and IV.2* show, a long-term shift of resources to education began in this period. Between 1951 and 1964, Education's share of national income rose from 3% to nearly 5%.<sup>2</sup> The Conservatives built 6,754 new schools, and reduced the pupil-teacher ratio; at constant prices, they increased Education spending from £366m to £919m.<sup>3</sup> The expansion was especially noticeable in Higher Education, where eight new Universities and tens of thousands more student places were created.<sup>4</sup> By 1960 it had been clear to the Minister of Education, David Eccles, that more pupils were staying on at school until 18, and taking A Levels, while University provision was failing to keep pace. The appointment of an inquiry into University provision, under Lord Robbins, began as an attempt to relieve this frustration.<sup>5</sup>

Robbins' recommendation of expansion was never in doubt. Anticipating this, the Government had already announced an increase from 113,000 to 150,000 University students between 1961 and 1965. This would allow a target of 170,000 for

---

<sup>1</sup> W. Pile, *The Department of Education and Science* (Allen & Unwin, London, 1979), p21

<sup>2</sup> Conservative Manifesto 1964, *Prosperity with a purpose*: Craig, *Manifestos*, p. 248

<sup>3</sup> M. Seaborne & R. Lowe, *The English school, vol. II: 1870-1970* (Routledge & Kegan Paul, London, 1977), table II, p. 155; *AAS* (1958, 1963, 1971)

<sup>4</sup> W.A.C. Stewart, *Higher education in post-war Britain* (Macmillan, London, 1989), pp. 95-6, tables 15.1, 15.4, pp. 268, 274

<sup>5</sup> PRO CAB 134/1665: Eccles, Boyle memorandum to Education Committee, 24 March 1960, Education Committee, minutes, 12 April, 2 November 1960; PRO CAB 134/1665: Butler memorandum to Education Committee, 'Full time higher education', 27 October

the early 1970s.<sup>6</sup> The Robbins proposals were even more radical, for not only did the Report recommend sweeping away distinctions between all types of HE, it envisaged an expansion of HE numbers to 560,000 by the academic year 1980-81, from a 1962-63 base of 216,000. 350,000 of these places were to be provided in Universities.<sup>7</sup> Some in the Treasury were horrified at the 'lowering of... academic standards' implicit in wider access, and a Treasury-led working party was also highly sceptical.<sup>8</sup> Nonetheless, Ministers accepted most of the Robbins Report.<sup>9</sup> The Cabinet thus agreed to 197,000 University places by 1967-68 – though Boyd-Carpenter would have liked to keep that to 170,000 – though keeping its options open on 1980-81.<sup>10</sup> Consequently, the last academic year for which Conservative Ministers budgeted (1964-65) saw University spending at £157m, a huge rise from the £67.9m spent in 1959-60.<sup>11</sup>

<sup>6</sup> PRO ED 150/125: Boyle to Boyd-Carpenter, 5 February 1963

<sup>7</sup> Cmnd. 2154, *Higher education* (October 1963), pp. 269-272

<sup>8</sup> PRO T 227/1617: Bennett to Carswell, 29 January 1963; PRO T 227/1631: Working Party on Higher Education, minutes, 12 June 1963; PRO T 227/1632: Treasury note for Working Party, 'Robbins Report: numbers and costs', 16 July 1963

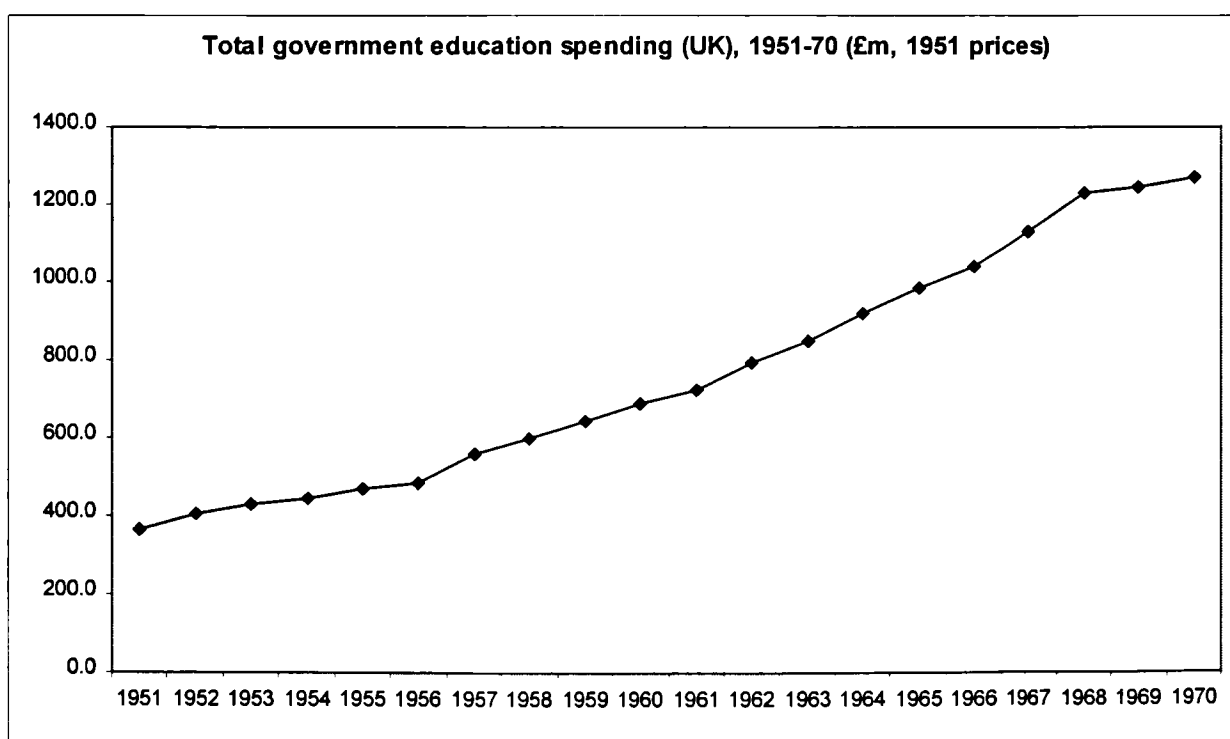
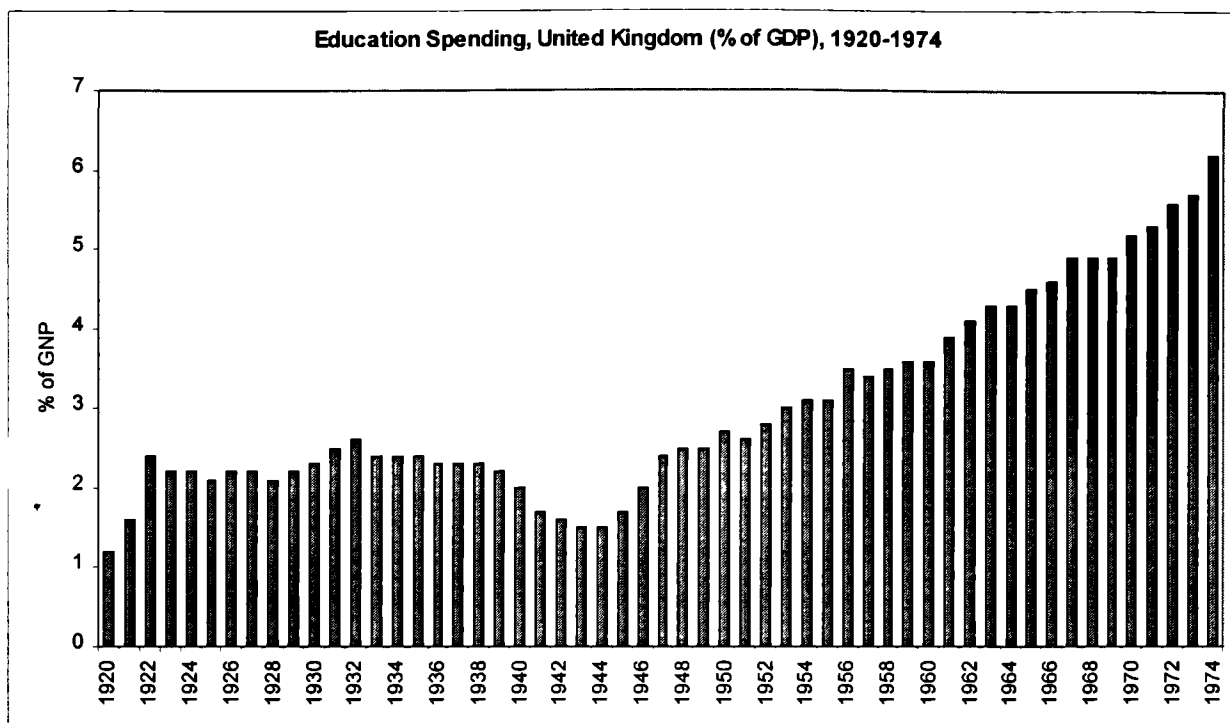
<sup>9</sup> Cmnd 2165, *Government statement on the report of the committee under the chairmanship of Lord Robbins* (November 1963)

<sup>10</sup> PRO CAB 129/114: Boyd-Carpenter memorandum to Cabinet, 'The Robbins Report', 1 October 1963; PRO CAB 128/37: Cabinet minutes, 8 October 1963

<sup>11</sup> *Statistics of education* (1965), table 31, p. 65, *ibid* (1970), table 1, p. 2



Charts IV.1, IV.2. Education spending, UK, 1920-1974



Sources: AAS (various); Vaizey, *Costs*, table III, p. 76; Simon, *Order*, table 15, p. 599

*CLASP and after: local authority models of efficiency*

Increased spending was complemented by efficiency gains, especially in school building. The main part of the education budget that the Ministry could control – building costs – came under close scrutiny throughout this period. Following the creation of a Development Group within the Ministry in 1948, and the imposition of cost per place limits in 1949 (tightened in 1951 and 1954), central government possessed levers to control spending. Efficiency gains were achieved through standardisation of parts and prefabrication, following what became known as the ‘Hertfordshire model’, after the first LEA to make use of these techniques.<sup>12</sup> This emphasis on standardisation led to the birth of local authority consortia, which attempted to reduce costs by pooling expertise and orders. The most famous of these was CLASP – the Consortium of Local Authorities Special Project – which began in 1957, led by Nottinghamshire County Council.<sup>13</sup> By 1970 only a handful of councils remained outside these, and consortium schools formed nearly half the total built (see *chart IV.3*).<sup>14</sup>

The Ministry seized on this development, encouraging LEAs to join consortia as soon as possible. Their exhortations led to the creation of SCOLA – the Second Consortium of Local Authorities – in 1961.<sup>15</sup> The Development Group published a *Building bulletin* on the topic in June 1961, and continued the administrative task of brokering deals between LEAs throughout 1962 and 1963.<sup>16</sup> Further political impetus was given to the Ministry’s efforts when the House of Commons Estimates

<sup>12</sup> Several influential Hertfordshire officials moved to the Ministry in the 1940s and 1950s: Seaborne, *Primary school design* (Routledge & Kegan Paul, London, 1971), p. 55; Seaborne & Lowe, *English school*, pp. 161-2

<sup>13</sup> S. Maclure, *Educational developments and school building* (Longman, London, 1984), pp. 100- 102

<sup>14</sup> Seaborne & Lowe, *English school*, figure 37, p. 164; R. Lowe, *Education in the post-war years: a social history* (Routledge & Kegan Paul, London, 1988), p. 102

<sup>15</sup> PRO ED 150/118: Dacey to Arthur, 26 January 1960, Meeting with the local authority associations and the Churches, minutes, 17 February 1960

<sup>16</sup> PRO ED 150/167: Ogden to Pott, 28 July 1962, Pott to Ogden, 30 July 1962, press statement: consortium for method building. 30 July 1963, Hardyman note, ‘meeting with voluntary schools representatives’, 26 November 1963

Committee lauded 'prefabrication, standardisation and bulk purchase' as a way of saving money.<sup>17</sup> Eventually, in February 1964, LEAs were asked to make 'wider use of industrialised methods of building', and informed of the creation of an information centre on this subject in the Ministry.<sup>18</sup> This Productivity Group compiled a list of prefabricated parts, worked on 'collation and analysis of site labour records' and produced guides to the consortia.<sup>19</sup>

The development of consortia played a major role in encouraging a more rational planning and budgeting system for educational programmes, for if standardisation was to work, long-term programmes would have to provide a steady demand for buildings.<sup>20</sup> The Ministry also thought long-term planning might insulate them from economic crises. Frustration had mounted at their failure, especially in peripheral projects such as Special Needs schooling, to keep hold of money 'carried over' from one year to another: longer approval programmes would let them hold on to money that was left over at the end of each year. Furthermore, officials could circumvent the annual round of recriminations when LEA plans were turned down. LEAs were also pressing for this change, which might allow more flexibility in how they spent their allocations, as well as more efficient building methods.<sup>21</sup>

Long-term planning also suited the Treasury, looking to make PESC more effective by costing programmes well in advance, and comparing social spending of different kinds using economic criteria.<sup>22</sup> This confluence of interests was decisive. Two year-programmes were introduced by Circular in 1960, for 1963-64 and 1964-

---

<sup>17</sup> *Estimates Committee of the House of Commons, 8th Report (1960/61)*, xvi

<sup>18</sup> PRO ED 142/18: Ministry of Education Circular 1/64, 28 February 1964

<sup>19</sup> PRO ED 150/171: Kitchen to Lloyd and Archer, 'Building productivity group, report and programme, 1964', 10 March 1964

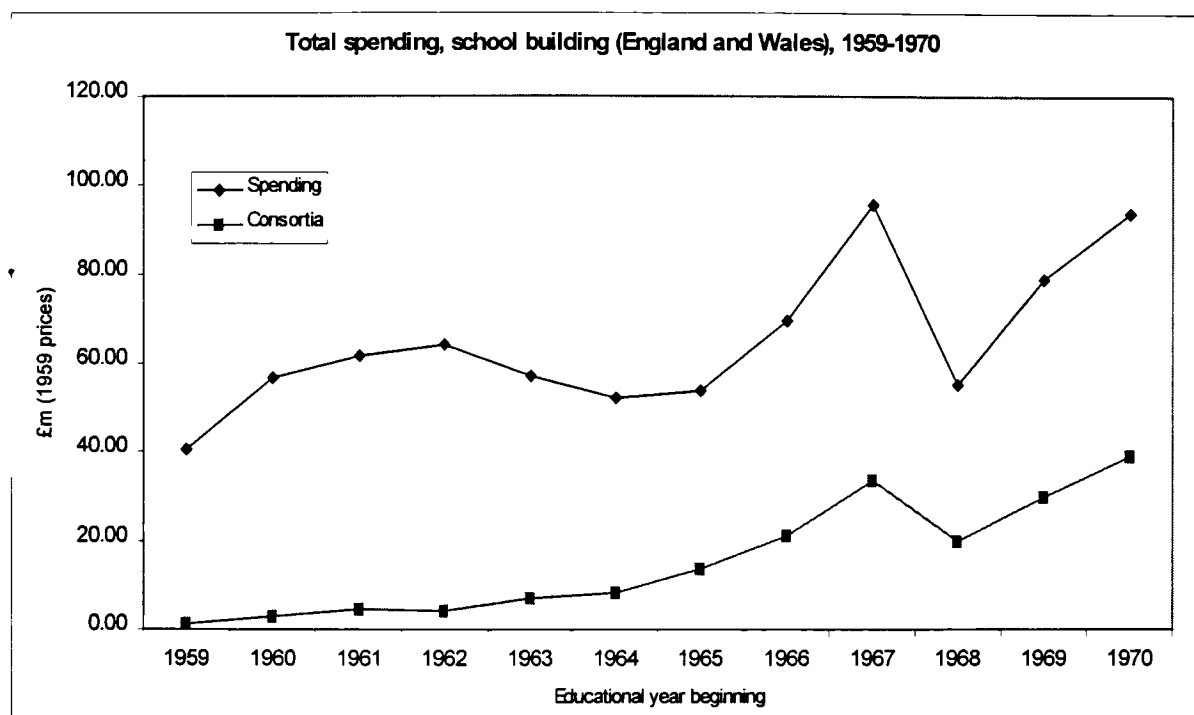
<sup>20</sup> *Estimates Committee, 8th Report*, xv-xviii, xi

<sup>21</sup> PRO ED 150/118: Clinkard to Pile, 19 March 1959, Banwell to Andrew, 10 April 1959, Houghton, Dacey to Arthur, 25, 26 January 1960

<sup>22</sup> CCAC CLRK 1/3/1/3: Clarke to Cairncross, 15 November 1961, 19 December 1961; PRO ED 150/124: Lee memorandum to departments, 'Short-term public investment', 25 March 1960

65.<sup>23</sup> This movement culminated in October 1963, when the Government announced that it would now take bids from LEAs for each of the years 1965-66, 1966-67, and 1967-68. It would then announce the whole programme for the first two years, and a proportion of the third.<sup>24</sup>

Chart IV.3. LEA consortia, school building, England and Wales, 1959-1970



Source: Seaborne & Lowe, *English school*, table II, p155, table VIII, p165

<sup>23</sup> PRO ED 86/448: Ministry Circular 6/60, 13 April 1960

<sup>24</sup> PRO ED 142/17: DES Circular 12/63, 18 October 1963

*'Moral crime': the pressure of numbers and public opinion*

Regardless of increases in spending, the Opposition were able to exploit discontent with education: Labour's 1966 Manifesto promised a 50% increase in resources for Education as a whole.<sup>25</sup> Why should an Opposition see political capital in a service expanding so quickly? One simple reason for continued controversy was that central government had no control over estimates of need, since educational administration in Britain was highly decentralised. The 162 Local Education Authorities of England and Wales were the bodies that built schools, employed teachers and set the curriculum, while the 1944 Education Act gave central government the role of superintendent, clearing house and co-ordinator. This fact was all the more notable since the Ministry was divided up into branches, for example those dealing with Schools, Teachers I (Supply) and Teachers II (Training), all of which dealt with the institutions within their sphere on a case-by-case basis.<sup>26</sup>

The Minister could require LEAs to keep their buildings up to standard, and veto general expansion plans and changes to the character of individual schools. Overall, however, the system was one of overlapping and competing authorities. As well as LEAs, Churches, voluntary bodies and charities ran one third of 'state' schools, containing a fifth of secondary pupils in the 1950s.<sup>27</sup> Universities were self-governing bodies, which until 1964 were responsible to the Treasury, rather than the Ministry. There were therefore a number of institutions within the education system that could voice opposition to central government. The best example was the annual round of complaints from LEAs at their approved building lists.<sup>28</sup>

But the complaints were increasingly due to the rising pressures on Education. Firstly, there was a rise in the levels of absolute demand. The Ministry's position up

<sup>25</sup> Labour Manifesto 1966, *Time for decision*: Craig, *Manifestos*, pp. 304-5

<sup>26</sup> J.P. Parry, *The provision of education in England and Wales* (George Allen & Unwin, London, 1971), pp. 83, 88-97; cf. Edward Boyle's view in M. Kogan (ed.), *The politics of education: Edward Boyle and Anthony Crosland in conversation*, pp. 125, 137

<sup>27</sup> Pile, *Department*, pp. 23, 27-31; Parry, *Provision*, pp. 102-3

<sup>28</sup> e.g. PRO ED 150/125: Alexander to Smieton, 3 April 1963

to 1958 was that 'the pressure of numbers will soon begin to subside'.<sup>29</sup> However, in April 1958 the National Advisory Council on the Training and Supply of Teachers projected that the rising birth rate would raise the number of pupils by 27,000 (from 299,000 to 326,000) by 1968.<sup>30</sup> In February 1960 the Government Actuary, analysing rising fertility and marriage rates, concluded the 1960s school roll might be 10% higher than previously thought.<sup>31</sup> This meant that the day on which building for basic provision could be slowed, which Ministers had been anticipating for a decade, was indefinitely postponed. As Boyle later wrote: 'the... rise in the school population has meant that the pressure for new school places is once again on the increase... the whole of the difference has had to be met by what has been felt... as savage reductions in the level of replacements and improvements'.<sup>32</sup>

Teachers were in short supply, since the Government had been hoping that smaller class sizes could eventually be achieved with the same number of teachers when the post-war 'bulge' passed. It was hoped that large classes (over 30 in Secondaries, and 40 in Primaries, implying overall teacher ratios of 16:1 and 30:1 respectively) could be eliminated by 1970. This process appeared to be beginning when class sizes fell in the mid-'fifties, and the NACTST had even advised the Government that it could safely lengthen the training period from two to three years in 1960.<sup>33</sup> This meant that there would be a 'year of intermission', in which Teacher Training Colleges would produce no new teachers. This made a grim situation worse, and in 1958 NACTST was forced to recommend 16,000 more teacher training places by 1962. Geoffrey Lloyd was able to win 12,000 from the Treasury. The following

<sup>29</sup> Cmnd. 604, *Secondary education for all: a new drive* (December 1958), p. 4

<sup>30</sup> PRO ED 86/448: NACTST paper no. 186, 'Demand and supply of teachers in the 1960s', 17 April 1958; PRO CAB 134/1663: Education Committee minutes, 19 May 1958

<sup>31</sup> PRO T 227/704: Government Actuary to Hutton, 10 February 1960

<sup>32</sup> PRO T 227/1308: Boyle to Boyd-Carpenter, 6 June 1963; LUA MS 660/25218: Boyle to Macmillan, 10 September 1963

<sup>33</sup> H.C. Dent, *The training of teachers in England and Wales* (Hodder & Stoughton, London, 1977), pp. 130. 134-5; P.H.J. Gosden, *The education system since 1945* (Martin Robertson, Oxford, 1983), pp. 102, 108

June, as population estimates continued to rise, the extra 4,000 places were indeed added to the programme.<sup>34</sup>

The situation became more unpromising in 1960, as Eccles was advised that a further 4,000 places, and a re-scheduling of the recently announced 4,000, would be needed to meet class size targets. Cabinet refused this request, and Eccles was left (having threatened resignation) merely to promise more training places at some unspecified time in the future.<sup>35</sup> He had to make do with a series of *ad hoc* measures, including a 'year of intermission conference' with the Training Colleges, to advise them on 'crowding in', using their existing facilities to train more students.<sup>36</sup> Meanwhile, the Ministry prepared new bids, with the requested number of places finally settling at 10,000.<sup>37</sup> These estimates again ran into Treasury opposition. Clarke, for instance, objected to 'wastage': 'of every 100 woman entrants... only 40 will be there after five years'. 'We are pouring water into a leaky bucket', he concluded, 'and punching more holes, by having the third year of training'.<sup>38</sup> Cabinet deferred decision on the extra places.<sup>39</sup>

Finding educational opinion implacably opposed to the suggested alternatives – two years training for primary teachers, for instance – the new Education Secretary,

<sup>34</sup> PRO CAB 134/1663: Education Committee minutes, 9 July 1958; PRO ED 86/459: Lloyd to Morris, 24 September 1958, Morris to Lloyd, 27 September 1958, Alexander to Fleming, 2 October 1958, Banwell to Weaver, 28 November 1958

<sup>35</sup> PRO T 227/879: Education Ministry paper to Education Committee, 21 January 1960; PRO CAB 134/1664: Eccles memorandum to Education Committee, 'Teacher supply', 25 January 1960; PRO CAB 129/100: Butler memorandum to Cabinet, 'The Crowther Report', 15 March 1960; PRO PREM 11/3728: Eccles to Macmillan, 15 March 1960; PRO CAB 128/34: Cabinet minutes, 17 March 1960; PRO PREM 11/3728: Bligh to Macmillan, 18 March 1960; *House of Commons debates*, vol. 620, col. 47: Eccles statement, 21 March 1960;

<sup>36</sup> PRO ED 86/347: Eccles address to intermission year conference, 5 July 1960; Ministry of Education press release, 'Short term measures to recruit teachers: year of intermission conference', 5 July 1960

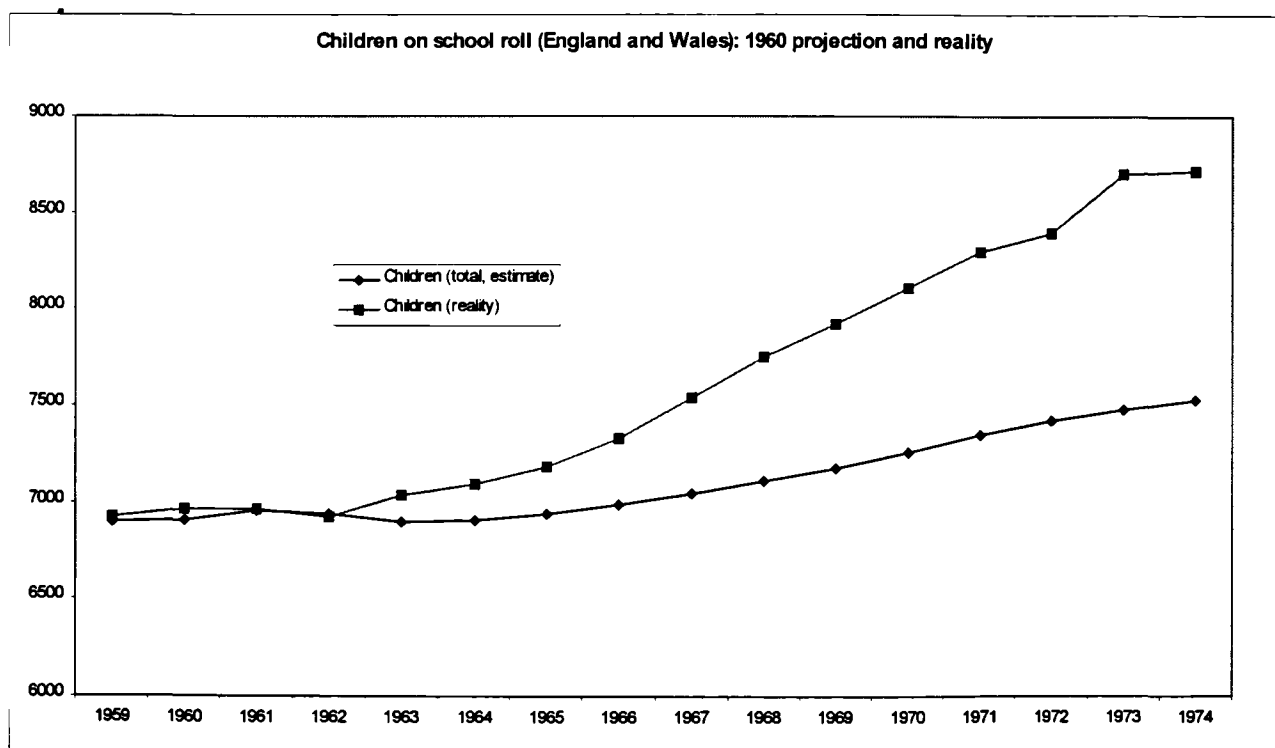
<sup>37</sup> PRO T 227/1306: Clarke to Couzens, 26 June 1962, Treasury-Ministry of Education meeting, minutes, 28 June 1962; PRO CAB 134/1666: Education Committee, minutes, 3 May 1962

<sup>38</sup> PRO T 298/158: Clarke to Mountfield, 2 May 1962

<sup>39</sup> PRO CAB 134/1666: Eccles, Brooke memoranda to Education Committee, and minutes, 13 July 1962

Edward Boyle, decided to bid again for the new places, this time promising a simultaneous squeeze on Training College current budgets. The Treasury, impressed by the promised efficiency savings and worried by the even greater expansion envisaged by Robbins, agreed.<sup>40</sup> Even estimates made at this time of school numbers, however, were to prove optimistic, which would pose an enormous challenge in the later 1960s (see *chart IV.4*). Indeed, it was the need to keep close control over the Teacher Training system, so as to be able to meet any future emergencies, which led to the Government's rejection of Robbins' recommendation that Teacher Training should be integrated into the mainstream HE system.<sup>41</sup>

*Chart IV.4. 1960 projection of pupils, and out-turn, England and Wales, 1959-74*



Sources: PRO T 227/704, Ministry evidence to Treasury working party, 11 February 1960; Mitchell, *Historical statistics*, table II, pp. 886-7

<sup>40</sup> PRO T 298/158: Moseley memorandum, 'Teacher training', January 1963; PRO T 227/1307: Boyle to Boyd-Carpenter, 19 December 1962, Harding to Couzens, 3 January 1963; R. Layard, J. King, & C. Moser, *The impact of Robbins* (Penguin, Harmondsworth, 1969), pp. 65-6

<sup>41</sup> PRO CAB 134/1834: Cabinet Committee on Education and Research, minutes, 27 July 1964



The early 1960s also witnessed an explosion in the number of pressure groups and the extent of media concern about education. Parents increasingly thought of their children as Degree material, and worried about securing a place in the Grammar School, gateway to University. Where parents were asked about their preferences in one southern borough, more than half wanted their children to stay at school until 16, and more than one-quarter until 18.<sup>42</sup> The best example of this pressure was the 1963 Campaign for Education, which began as a NUT protest but spread rapidly until it encompassed major educational bodies, trade unions, civic and women's groups.<sup>43</sup> The Campaign called for £500m to be spent to bring all schools up to the Ministry's own standards, and the Campaign's newspaper condemned the 'moral crime committed in the condemnation of so many children to a second-class education'.<sup>44</sup> The Campaign's 'year for education', with regional meetings and hustings, ended with a mass rally at the Albert Hall to cap November's 'education week'.<sup>45</sup> This all attracted a good deal of press interest – and a Prime Ministerial inquiry as to their motivation.<sup>46</sup>

The campaign was vindicated by a survey of school buildings the Ministry had itself commissioned. Questionnaires were sent out to LEAs in the summer of 1962, and the results were ready in draft form by the following February.<sup>47</sup> These figures, however, were not released to the public, for the picture that emerged was one of dilapidation, backwardness and squalor. They were so bad (see *table IV.1*) that Dame Mary Smieton, the Permanent Secretary at Education, did not think it would be worth even asking the Treasury to help put them right.<sup>48</sup> Boyle told Macmillan that the

<sup>42</sup> CAC, England (Crowther Report), *15 to 18* (HMSO, London, 1959), pp. 66, 106

<sup>43</sup> Leeds University Archives, Brotherton Library, Leeds [LUA], MS 618/A2 (b): Aims, members and members of Campaign for Education, 31 October 1962

<sup>44</sup> LUA MS 618/A45: Rob Robinson, 'The waste bin', in 1963 Campaign for Education newspaper, March 1963

<sup>45</sup> R.D. Coates, *Teachers' unions and interest group politics* (CUP, Cambridge, 1972), p. 85

<sup>46</sup> PRO PREM 11/4171: Macmillan to Boyle, 3 September 1963

<sup>47</sup> PRO ED 150/144: Harte to Rowberry, 20 July 1962; Stevens, Stone memorandum, 'The school building survey 1962-63', 18 February 1963

<sup>48</sup> PRO ED 150/125: Smieton to Boyle, 28 March 1963

School Survey was 'a real "horror"'.<sup>49</sup> Some Education officials were privately admitting that more than £1bn would be needed to make good the deficiencies.<sup>50</sup> 'We should do our best to avoid publication if we can', he told the Education Committee of Cabinet. Even if it were to emerge, his colleagues reckoned, it would have to be accompanied by a covering pamphlet placing the remaining defects 'in the context of the Government's other achievements in education'.<sup>51</sup> The full Cabinet only agreed to ask Boyle to 'consider' the survey's publication as a White Paper.<sup>52</sup>

*Table IV.1* The School Building Survey, England and Wales, 1963

	<i>Primary schools</i>	<i>% of pupils in these schools</i>	<i>Secondary schools</i>	<i>% of pupils in these schools</i>
No warm water	6,101	16.5	373	5
Sanitation mainly outdoors	15,441	57	1,831	25.8
No central heating	5,815	12.2	99	1
No electricity	202	0.3	0	0
No kitchens	4,647	16.3	491	6
No staffroom	8,750	18.5	95	0.9
50%+ in temporary buildings	564	3.0	178	2.6
School on more than one site	1,673	9.6	921	16.1
'Seriously sub-standard' site	9,211	34.2	1,553	22.3
No hall	4,073	19.4	389	4.7
Dining in classrooms	2,288	11.1	286	3.9
<i>Schools with 1+ such features</i>	<i>18,406</i>	<i>69.8</i>	<i>2,902</i>	<i>43.8</i>

Source: PRO ED 150/146: School Building Survey, September 1963

This delay did not do the Government much good, for the NUT had commissioned its own survey in two-thirds of the schools in England and Wales (see *table IV.2*). As the Government's own Survey had shown, primary schools were in the worst state. Only 28% of them had all their lavatories inside the main building; only 22% had specialist rooms for all their activities, such as gymnasias, dining rooms, and assembly halls. Some Secondary Moderns were in similar straits: only 11% of heads

<sup>49</sup> PRO PREM 11/4169: Boyle to Macmillan, 30 October 1963

<sup>50</sup> PRO CAB 134/1834: Committee on Education and Research, minutes, 3 March 1964

<sup>51</sup> PRO CAB 134/1834: Boyle memorandum to Education Committee, 'Schools survey', 24 February 1964; minutes, 3 March 1964

<sup>52</sup> PRO CAB 134/1834: Education Committee, minutes, 23 June 1964

were able to report that they had no specialist rooms appropriated for other uses, though about a half had inside toilets.<sup>53</sup>

*Table IV.2. Secondary Modern schools, various characteristics, England and Wales, 1963*

<i>Characteristic of school</i>	<i>% schools</i>
Pre-1914 buildings	40
10% or more classes 30+ pupils	47
No specialist foreign language teacher	57
No specialist special needs teacher	70
No specialist commercial subjects teacher	73
No specialist engineering teacher	93
No gymnasium	45
No library	28
No science laboratory	6

*Source:* NUT, *State*, tables 1, 4, 6, 11, pp. 11-13, 15

Expert opinion contributed to the general outcry. Academics such as John Vaizey helped to foster the sense that Britain needed to invest more in its education system in order to raise its rate of economic growth. In the new science-based economy, Vaizey argued, ‘people will have to know far more than ever before’, ‘and... be far more flexible, adaptable, and resilient to change’.<sup>54</sup> The new science of ‘growth accounting’ was crucial to this view. The American economist Theodore Schultz, for instance, used earnings profiles of individuals educated in different ways to show how, ‘over the last two decades, schooling has been a larger source of growth than material capital represented by structures, equipment and inventories’.<sup>55</sup>

<sup>53</sup> NUT, *The state of our schools* (NUT, London, 1963), pp. 9, 16

<sup>54</sup> J. Vaizey, *Britain in the sixties: education for tomorrow* (Penguin, Harmondsworth, 1962), pp. 7-8; cf. *idem*, *The costs of education* (Allen & Unwin, London, 1958), p. 67

<sup>55</sup> T.W. Schultz, *The economic value of education* (Columbia UP, New York, 1963), p. 44

*'Complete and irrevocable denial': the collapse of tripartism*

The Government faced other acute problems, for the 'tripartism' of the 1944 Education Act – under which pupils were judged suitable for a Secondary Modern, Technical, or Grammar School education – began to crumble even before it was complete. The academic rationale of selection at 11 was subjected to such a virulent academic attack that its credibility collapsed.<sup>56</sup> Sociologists and psychologists, who set out to test whether the new phenomenon of working-class entry into Grammars was leading to better long-term opportunities for such children, answered their question definitively in the negative. In one northern city, 22% of the population was from white-collar backgrounds, but 64% of pupils passing A Level (and 74% of the girls) were from such families.<sup>57</sup> Even more disturbingly, other evidence indicated that there was more chance, *for the same test scores*, of Grammar selection for children from higher social classes. Parental pressure and interview performance slanted the process towards the articulate.<sup>58</sup>

Predictably, the main influence on children's progress was the attitude of their parents, and the atmosphere at home: one survey concluded that 'any form of *nominally academic* selection will in effect be a form of *social* selection'.<sup>59</sup> J.W.B. Douglas' books drew a similar moral. He found that parents' expressed interest in education – across all social classes – was significantly related to their children's test scores at 8 and 11. This gap was most acute at the level of basic verbal reasoning, reading and arithmetic, the key elements of both written tests and interviews for grammars.<sup>60</sup> Loss of talent *within* Grammars was another finding. Working-class leaving, highlighted in *Early leaving*, the Central Advisory Committee report of 1954,

---

<sup>56</sup> Lowe, *Education*, pp. 146-7

<sup>57</sup> B. Jackson & D. Marsden, *Education and the working class* (Routledge & Kegan Paul, London, 1962), tables I-III, pp. 10-12

<sup>58</sup> J. Floud, A.H. Halsey & F.M. Martin, *Social class and educational opportunity* (Heinemann, London, 1957), pp. 44, 46-7

<sup>59</sup> Jackson & Marsden, *Class*, appendix, table XV, p. 253

<sup>60</sup> J.W.B. Douglas, *The home and the school: a study of ability and attainment in the primary school* (Macgibbon & Kee, London, 1964), appendix III, tables VII (b)-(c), pp. 156-7

was clearly going on at much higher rates than for other children. Even among those working class children who did go to Grammars, only a third managed to get 3 or more O Level passes.<sup>61</sup> According to teachers' own assessments, 50% of working class children of 'high ability' left school at the minimum age in 1961-62, whereas only 10% and 22% respectively of the same children from the upper and lower middle classes did so.<sup>62</sup>

Even more lethal to the credibility of the 11+ were doubts as to its accuracy. Work by A. Yates and D. Pidgeon in Middlesex found that verbal reasoning tests, which many LEAs used at 11+, did theoretically do rather well in predicting achievements in the first couple of years at the Grammar. However, this still left an inevitable margin of error: *it* concluded that *any* system of rigid allocation would lead to 'a considerably greater number of wrong allocations than can be viewed with equanimity', with '10% of the children in any age-group, or about 60,000 children per year at present' misallocated.<sup>63</sup> A British Psychological Society inquiry, published in 1957, concluded that it was 'unlikely' that this 'wastage' could be reduced below 10%. 'Complete accurate classification of children, either by level or type of ability, is not possible at 11 years', the author concluded.<sup>64</sup>

Inside the Ministry, such evidence exacerbated latent doubts as to its efficacy of selection at 11: one civil servant bemoaned the fact that 'this country is pouring out its human wealth like water on the sands'.<sup>65</sup> One immediate reaction was to consider ways to open up later transfer if pupils' academic ability developed during a Secondary Modern course; others were to examine an expansion of the grammar

<sup>61</sup> N. Timmins, *The five giants: a biography of the welfare state* (Fontana, London, 1996), p. 239; H. Judge, *A generation of schooling: English secondary schools since 1945* (Oxford UP, Oxford, 1984), p. 41

<sup>62</sup> Douglas, J.M. Ross & H.R. Simpson, *All our future: a longitudinal study of secondary education* (Panther, London, 1968), pp. 24-6, and table 10, p. 207, table 14, p. 210

<sup>63</sup> A. Yates & D. Pidgeon, *Admission to grammar schools* (NFER, London, 1957), pp. 63-4, table V I, p63, pp. 66

<sup>64</sup> P. E. Vernon, *Secondary school selection* (Methuen, London, 1957), pp. 77, 169

<sup>65</sup> PRO ED 147/205: Peaker to Part, 16 December 1954

intake, and to seek ways of making selection at 11+ more accurate.<sup>66</sup> By 1960 another official admitted that:

A system under which failure to win a place in a selective school at 11+ meant complete and irrevocable denial of the coveted opportunities associated with a grammar school education could not hope to win the support of parents, and could not survive the day when their wishes could gain a hearing. The very successes themselves which some of the new secondary schools recorded pointed the way to more ambitious aims for these schools.<sup>67</sup>

Ministers agreed with this analysis, David Eccles pointing out that ‘the gap between what we are doing and what a better-informed public expects us to do is widening very fast’ while pleading for more resources in 1962.<sup>68</sup> Although Secondary Moderns had been permitted to offer GCEs to their pupils from the mid-fifties, very few of these schools offered external examinations to their pupils. At time when parents were beginning to see qualifications as the key to economic success, this caused frustration and discontent.<sup>69</sup>

However, this Conservative Government did not wish to end selection. Comprehensives were seen as an experimental and local option, especially appropriate for rural areas. Conservative education policy was directed to quite different ends, well expressed by Geoffrey Lloyd in 1957:

The... way ahead lies in building up the Secondary Modern schools as quickly as we can, to provide in them courses going beyond the age of 15 for children willing to take them... to make transfer easier from one type of school to another, and to soften the differences between schools with different labels. There is real promise that this policy will succeed, if only we can get enough specialist teachers and improve accommodation quickly enough.<sup>70</sup>

This policy was embodied in the December 1958 White Paper *Secondary education for all*, which announced the Government’s desire that ‘every Secondary school, no matter what its description, is able to provide a full Secondary education for each of its

<sup>66</sup> PRO ED 147/635: Ministry paper, ‘transfer to secondary education’, December 1955; PRO ED 147/205: Peaker to Humphreys, 8 February 1955; Maxwell-Hyslop to Part, 11 January 1956

<sup>67</sup> PRO ED 147/641: Elliott memorandum, ‘Various forms of secondary school organisation’, 10 December 1960

<sup>68</sup> PRO T 227/1307: Eccles to Brooke, 10 July 1962

<sup>69</sup> Pile, *Department*, p. 86; Judge, *Generation*, p. 24; Lowe, *Education*, p. 117

<sup>70</sup> PRO PREM 11/4171: Lloyd to Macmillan, 24 December 1957

pupils in accordance with his ability and aptitude'.<sup>71</sup> Secondary Moderns were encouraged to provide a range of courses, including O Level, technical and vocational courses. To this end a £300m 5-year building programme was announced.<sup>72</sup>

Conservative Party worries about comprehensives were clear throughout the period: Lloyd had to meet worried back-benchers individually, and address the Party's backbench Education Committee in the spring of 1959 to allay their concerns after he agreed to the establishment of comprehensives in rural areas of Dorset.<sup>73</sup> That committee was inherently hostile to comprehensive schools, most of its members wanting 'to define the limits within which comprehensive schools were justified: for example, large catchment areas where only one new school was practicable'. Some were concerned that Ministers were 'weakening' in their resolve, and worried away at themes that were to become familiar: comprehensives that were 'being run by the wrong people', over-large schools, and the dangers to Grammars.<sup>74</sup>

Even MPs who wanted experimentation envisaged transfer to secondary education at 13 rather than 11, for example, or an even greater degree of academic selection, to leave more bright children in better Secondary Moderns.<sup>75</sup> Local Conservatives mounted increasingly angry campaigns in defence of Grammars, as Labour-run LEAs embarked on reorganisations.<sup>76</sup> If anything, Conservative opinion on selection hardened in the months before the 1964 Election. Conservative Research Department officials thought that 'academically... the [comprehensive] schools still have to prove themselves and until they have done so there would seem obvious risks in agreeing to the merging of established Grammar Schools in the pursuit of

<sup>71</sup> Cmnd. 604, *Secondary education for all*, p. 5; cf. Simon, 'The Tory government and education 1951-60: background to breakout', *History of education* 14, 4 (1985), p. 293; Lowe, *Education*, p. 118.

<sup>72</sup> Cmnd. 604, *Secondary education*, pp. 6-8

<sup>73</sup> PRO PREM 11/2644: Lloyd to Macmillan, 23 March 1959; I.G.K. Fenwick, *The comprehensive school 1944-70: the politics of secondary school reorganisation* (Methuen, London, 1976), p. 117

<sup>74</sup> CPA CRD 2/33/5: Conservative back-bench education committee, minutes, 11 July 1960

<sup>75</sup> CPA CRD 2/33/6: *ibid*, minutes, 20 January 1964

<sup>76</sup> e.g. CPA CCO 4/9/137: A.G. Davies (Chairman, Newport Conservative Association) to Macleod, 19 August 1962; 9 July 1962

“desegregation”.”<sup>77</sup> Quintin Hogg, recently installed as Secretary of State for Education and Science, told back-benchers that he thought it would be a ‘disgrace’ to destroy good Grammars.<sup>78</sup> The 1964 Manifesto condemned Labour’s comprehensive plans as ‘foolishly doctrinaire’.<sup>79</sup>

Although many fully non-selective plans had been submitted by the time the Conservatives left office, few had been approved. 1962-63 saw a number of reorganisation schemes submitted to the Ministry, mainly from Labour councils in northern cities, such as Manchester, Coventry and Sheffield.<sup>80</sup> But the most high-profile experiment was in London, where the LCC had begun experiments with ‘comprehensives’ in the late 1940s, and opened its first custom-built comprehensive, Kidbrooke Girls in Eltham, in 1954. By 1961 over half the LCC’s secondary school children were taught in ‘comprehensives’, though only a handful of Grammars had been closed. Florence Horsburgh, Conservative Education Minister in the early ‘fifties, had refused to integrate a local Grammar with Kidbrooke in a *cause celebre*.<sup>81</sup> Overall, though, comprehension had not progressed far by October 1964, at least in England and Wales (see *table IV.3*) – though Scotland, much more sparsely populated and with more sympathetic local authorities, was much more ‘comprehensive’, with up to a quarter of pupils in fully-comprehensive schools.<sup>82</sup>

Furthermore, the word ‘comprehensive’ did not necessarily carry the overtones of the all-in, all-through school that eventually attached to it. There were a number of other schemes that attracted Conservative interest, especially the ‘Leicestershire scheme’, promoted by Leicestershire’s skilful and publicity-conscious Director of

<sup>77</sup> CPA CRD 2/29/10: Udal to Fraser, 18 February 1964

<sup>78</sup> CPA CRD 2/33/6: Conservative backbench education committee, minutes, 29 June 1964

<sup>79</sup> Conservative Manifesto 1964, *Prosperity with a purpose*: Craig, *Manifestos*, p. 249

<sup>80</sup> D. Rubinstein & Simon, *The evolution of the comprehensive school 1926-66* (Routledge & Kegan Paul, London, 1969), pp. 90-1; R. Pedley, *The comprehensive school* (2<sup>nd</sup> ed., Penguin, Harmondsworth, 1972), p. 42

<sup>81</sup> Maclure, *A history of education in London 1870-1990* (Penguin Allen Lane, Harmondsworth, 1990), pp. 172-5; F. Campbell, *Eleven plus and all that* (Watts, London, 1956), pp. 185-6

<sup>82</sup> Though figures were not published nationally on this in Scotland until 1965, Cmnd. 3549, *SED report for 1965* (March 1968) has some retrospective figures



Education, Stewart Mason, which divided secondary education into two streams. The first, in old Secondary Moderns, was for 11 to 15 year olds, and the second, in old Grammars, was for 14 to 18 year olds whose parents were prepared to promise that their children would stay on and take GCE. This had the benefit of using existing buildings and maintaining the Grammars' ethos, while also abolishing the 11+.<sup>83</sup>

*Table IV.3. Comprehensive secondary schools, England and Wales, 1955-64*

	<i>No. of schools</i>	<i>% of schools</i>	<i>No. of pupils</i>	<i>% of pupils</i>
1959	111	1	107,000	4
1960	130	2	129,000	4
1961	138	2	142,000	5
1962	152	2	157,000	5
1963	175	2	179,000	6
1964	195	3	199,000	7

*Source:* Fenwick, *Comprehensive*, p. 148

The DES did not like this idea, since it cut across the idea of making Secondary Moderns more inclusive, but also because Inspectors did not think that the buildings would long be suitable for Secondary education. One lower high school shared its playing fields with another lower high school, and the upper school into which they both fed: Inspectors thought this far too cramped. They also disparaged the curriculum in the lower schools for 15 year olds, deprived of the upper streams of a Secondary Modern that had been hived off into the upper school.<sup>84</sup> Ministers worried about its 'political' use by less 'efficient' authorities – Labour LEAs using this structure simply as a cover to introduce comprehensives.<sup>85</sup> For these reasons, mainstream Conservative opinion turned against these ideas.<sup>86</sup> But 'comprehensives', on the model Boyle was willing to accept, certainly would not always mean large, all-in schools.<sup>87</sup>

<sup>83</sup> S. Maclure (ed.), *Comprehensive schooling: a symposium on the reorganisation of secondary education*

(Councils and Education Press, London, 1965), pp. 5-6, 51; Lowe, *Education*, p. 144

<sup>84</sup> PRO ED 109/9485: HMI Report, Abington High, Wigston Magna, Leicestershire, October 1962

<sup>85</sup> PRO ED 147/641: Fletcher to Weaver, 29 March 1960, Smieton to Weaver, 21 November 1960, Boyle to Thompson, 1 April 1961, Thompson to Boyle, 8 May 1961

<sup>86</sup> PRO ED 147/641: Conservative Teachers Association, 'The state of secondary schools', 8 December 1962

<sup>87</sup> LUA MS 660/25220: Boyle to Douglas-Home, 'Educational developments', 17 February 1964

*'Half our future': School leaving age, Further Education and training*

Another demand that proved very hard to meet was that for the raising of the compulsory school leaving age, or ROSLA, from 15 to 16. ROSLA had been promised in the 1944 Act, but never implemented. The call to fulfil this promise was sounded by the Crowther Report, published in 1959 by the Government's Central Advisory Committee. 'At every stage and on every level', the Report argued, 'the need is for more time, for less pressure on both staff and students'.<sup>88</sup> The Report recommended the establishment of a system of County Colleges, again promised in the 1944 Act, to cater for an extra year of technical education, as well as mandatory day-release of all teenagers beneath the age of 18. The demands of increasingly technical jobs, Crowther argued, were beyond learning at night classes, and the Committee presented a list of night course wastage to prove their case.<sup>89</sup>

Both recommendations would prove acutely embarrassing. Even Eccles admitted that implementing them might eventually cost as much as £200-250m per annum. Given that the total Education budget was forecast to rise to only £920m in 1964-65, this was a huge sum.<sup>90</sup> If the leaving age were to be raised in 1970, which was the Ministry's preferred date, this would add a need for 18,000 teachers to the numbers already demanded by demographic changes.<sup>91</sup> However, still hoping that they would have the teacher shortage under control by 1970, Ministers agreed to re-affirm the principle of ROSLA, and to announce that the Government would take a decision on the actual date before the General Election.<sup>92</sup>

The issue was again raised by the publication of another CAC report, by a committee under Sir John Newsom, on non-academic school streams. Issued in 1963, this Report - *Half our future* - agreed with Crowther on ROSLA.<sup>93</sup> But alongside

<sup>88</sup> CAC (Crowther Report), *15 to 18*, pp. 366-8

<sup>89</sup> *ibid*, pp. 148, 154-8, 48-9, 51-3, 120, 360-1

<sup>90</sup> PRO CAB 134/1979: Eccles memorandum to Home Affairs Committee, 'Crowther Report', 23 November 1959

<sup>91</sup> PRO ED 86/342: Ministry of Education memorandum to NACTST, October 1959

<sup>92</sup> PRO CAB 134/1664: Education Committee, minutes, 10 January 1960

<sup>93</sup> CAC (Newsom Report), *Half our future* (HMSO, London, 1963), xvi, p. 7

population growth, Boyle admitted that 22,000 more teachers would be required for ROSLA. This would set back the elimination of over-size classes by two years (to 1978 in Secondaries, and 1980 in Primaries). A £43m capital cost, along with an annual current cost of £65m, might be incurred.<sup>94</sup> Nevertheless, Boyle pushed hard for ROSLA in 1970, and the Cabinet eventually agreed to let him announce that it would be achieved within the life of the next Parliament. Boyle convinced them that after Robbins they had to be seen to do something for the 'less able', and also showed that voluntary staying on, on present trends, would only reach 40% of the age-group by the early 1970s.<sup>95</sup> The proposal to establish County Colleges, however, had been ignored, both due to cost and the difficulty of establishing a curriculum for young workers.<sup>96</sup>

The Conservatives did undertake a wide-ranging review of Further Education, though as the post-war population 'bulge' passed into adolescence, the Government was constantly increasing numbers in FE Colleges while failing to achieve a large or sustained increase of the age-group, either on industrial training day release schemes or in full-time FE. Noting this, Crowther recommended that the provisions for day release in the 1944 Act – that under-18s should receive a compulsory 330 hours of day-release training a year – be activated. The Report also called for much better integration between school and FE training, as well as more block-release and sandwich training schemes.<sup>97</sup>

The Government did satisfy some of these demands. The Ministry of Education agreed that technical education was uncoordinated, and had become too narrow. Preliminary courses for 15 year olds moving into FE were to be abolished, and the relationship between O and A Levels, and FE qualifications, systemised. The gap between school and technical education would thus be closed, and training

---

<sup>94</sup> PRO CAB 134/1833: Boyd-Carpenter memorandum to Committee on Education and Research, 6 December 1963 and minutes, 16 December 1963

<sup>95</sup> PRO CAB 128/38: Cabinet minutes, 17 January 1964; Parliamentary report, *Times*, 28 January 1964

<sup>96</sup> PRO CAB 129/100: Butler memorandum to Cabinet, 'The Crowther Report', 15 March 1960

<sup>97</sup> Crowther Report, *15 to 18*, pp. 372-5, 381-2, 384-5

‘normalised’ as part of the education system as a whole.<sup>98</sup> Adolescents who had rejected school, the reasoning went, would hardly react with enthusiasm to more education.<sup>99</sup> The Government’s White Paper did promise a large expansion of provision in Technical Colleges, emphasising a smooth transition from school to part-time technical education, wider and more flexible craft courses to produce more adaptable skilled workers, and more technically based Higher National Certificate courses.<sup>100</sup> There was, however, to be no compulsory day-release, which would cost £40-50m in building costs alone.<sup>101</sup>

A right to day release, to which young people would be statutorily entitled, did attract some official support during 1961. Some employers seemed to favour the idea; Eccles advocated it, conducting his own campaign against ‘serious gaps in trained manpower – particularly in the middle-ranges – which are deplorably weak’.<sup>102</sup> In the end, though, an inter-departmental working party came out against the idea.<sup>103</sup> LEAs condemned the right as ‘unworkable’, since young workers were in no position to insist on it; the main employers’ association opposed the idea as damaging to employers’ own training effort.<sup>104</sup> Once again, the cost was prohibitive, since universal day release might cost the Government £45m over the next decade. Even with the

---

<sup>98</sup> PRO ED 46/1069: Ministry memorandum, ‘Routes into national certificate and city and guilds courses’, 18 January 1960

<sup>99</sup> PRO T 227/703: Wright to Rossiter, Clarke, Wass, 9 February 1960

<sup>100</sup> Cmnd. 1254, *Better opportunities in technical education* (January 1961); PRO ED 142/15: Ministry of Education Circular 1/61, 5 January 1961

<sup>101</sup> PRO CAB 134/1664: Eccles memorandum to Education Policy Committee, ‘County Colleges’, 8 February 1960

<sup>102</sup> PRO ED 46/1070: BEC memorandum, ‘Education between the ages of 15 and 18’, May 1960; PRO PREM 11/3290: Eccles to Macmillan, 17 July 1961; PRO CAB 134/1695: Eccles memorandum to EPC, ‘Right to day release’, 7 May 1962

<sup>103</sup> PRO ED 46/1009: Report of working party on day release, 4 June 1962

<sup>104</sup> PRO ED 46/1008: Right to day release working party, Sir William Alexander evidence, 28 June 1961, FBI memorandum, ‘The difficulties that employers foresee’, September 1961

extra money FE infrastructure might not have been ready if the right was introduced in the 1960s.<sup>105</sup>

A further Committee, under Henniker-Heaton, chairman of BEC's Industrial Training Committee, was therefore set up to look into encouraging voluntary day-release. Although it thought an extra quarter of a million day release students should be trained, the committee did not envisage any new administrative structure to achieve this objective. LEAs were to work with local industry and the new Industrial Training Boards to set local targets: the Ministry of Education would provide the extra places within the existing FE system.<sup>106</sup> This was not the radical departure for which Crowther had called, although to be fair to the Government, it was increasing FE building to take in more students, to some extent accepting the argument that further and technical education was crucial to industrial success. FE funding was boosted to a new high level during the 1959-64 Parliament (it had been £14m in 1958/59), though its rise was uneven (see *table IV.4*).<sup>107</sup>

*Table IV.4. Government FE capital spending, GB, 1959-64 (1959 prices)*

	<i>FE capital expenditure</i>	<i>Increase/ decrease (%) over previous year</i>
1959/60	21.5	52.9
1960/61	19.4	-9.5
1961/62	17.2	-11.4
1962/63	24.5	42.4
1963/64	22.7	-7.4

*Source: Statistics of education (1964), pt. II, table 60, p. 131; AAS (1965), table 102, p. 94*

Potentially just as important as improvements in FE was new thinking on industrial training, which was dominated by tripartite agreements between trade unions, employers and government on apprenticeship courses. The number of trainees in Government Training Centres was tiny; the Carr Report of 1958, sponsored by

<sup>105</sup> PRO T 227/705: Ministry of Education memorandum to Working Party on financial implications of Crowther, 'Development of Further Education', 25 February 1960; PRO ED 46/1008: Ministry of Education memorandum, 'Logistics of a right to day release', February 1962

<sup>106</sup> PRO ED 204/4: Henniker Heaton Report, recommendations, January 1964

<sup>107</sup> PRO T 298/158: Moseley to Carswell, 'Ministry of Education memorandum on FE', 18 December 1962; PRO T 227/1309: Harding to Clarke, 11 October 1963, Boyle to Boyd-Carpenter, 25 October 1963

government, had concluded that there were no grounds to interfere any further in industrial relations.<sup>108</sup> As they constantly ran into shortages of skilled manpower, especially in politically sensitive areas such as the construction industry, Ministers began to doubt this. John Hare, Minister of Labour, demonstrated just how dire skill shortages were in a memorandum of April 1961. There were five vacancies for every unemployed engineer; just to satisfy current demand, employers would require a huge expansion of apprentice facilities.<sup>109</sup> Following a visit to France in February 1961, Ministry of Labour civil servants were convinced of the scheme's role in increasing the numbers being trained.<sup>110</sup> Both the Chancellor and the Ministry of Education having expressed an interest in a 'levy/grant' system, an official working party was set up under H.F. Rossetti from the Ministry of Labour.<sup>111</sup>

This working party was hampered by the opposition of the Inland Revenue, worried about the implications of hypothecation, and the Treasury, opposed to 'cumbersome administrative machinery' and the addition to costs.<sup>112</sup> The working party in its interim report therefore concluded that change might do more harm than good. A statutory requirement on employers to train their workers was dismissed as 'inflexible', while a levy/grant system would discriminate against employers whose need for skilled labour was low, but who would have to pay out for technically-advanced industries.<sup>113</sup> Hare duly reported this negative result to his colleagues, whose frustration ensured a further study.<sup>114</sup> Forced back to consider ways in which training

<sup>108</sup> L.M. Cantor & I.F. Roberts, *Further education in England and Wales* (2<sup>nd</sup> edn., Routledge & Kegan Paul, 1972), pp. 8, 81

<sup>109</sup> PRO CAB 134/1690: Hare memorandum to EPC, 'Shortages of skilled manpower', 28 April 1961; PRO CAB 134/1689: EPC minutes, 3 May 1961

<sup>110</sup> PRO LAB 18/729: Stewart to Rossetti, 6 February 1961

<sup>111</sup> PRO LAB 18/729: Selwyn Lloyd to Maudling, 10 February 1961, Rossetti to Helsby, 17 February 1961; PRO T 227/1576: Padmore to Johnston, 17 May 1961, Helsby to Padmore, 6 June 1961

<sup>112</sup> PRO LAB 18/874: Inter-departmental working party on training levy schemes, Treasury and Inland Revenue note, 'Training levy schemes', 8 September 1961; PRO IR 40/13836: Helsby to Johnston, 25 September 1961

<sup>113</sup> PRO LAB 18/874: Interim Report, Working Party on Training Levy Schemes, 22 January 1962

<sup>114</sup> PRO CAB 134/1695: Hare memorandum to EPC, 'Question of a levy rebate system', 22 February 1962; PRO CAB 134/1693: EPC minutes, 7 March 1962

levies *might* work, officials adopted the idea of an industry-by-industry scheme, which would prevent unfairness to employers in low-skill industries. Tripartite, voluntary Industrial Training Boards could thus be set up, if the industrial partners wished it, and charge levies agreed within the industry. This combined industrial self-government with statutory authority for the ITBs.<sup>115</sup>

This scheme emerged as the White Paper *Industrial training*, and the 1964 Industrial Training Act. The White Paper promised 'to improve the overall quality of industrial training and to establish minimum standards'. The Minister of Labour was given the power to set up ITBs, the constitution of which would be decided on an industry-by-industry basis. The ITBs would then run their own training centres, decide on qualifications, pay grants to trainees, and reimburse companies who provided advanced training.<sup>116</sup> By 1970 there were 27 ITBs, taking £208m yearly in training levies.<sup>117</sup>

But there were crucial flaws. What began as a plan to establish government control over apprenticeship had become yet another structure for industrial consultation. The Minister would appoint ITB members and adjudicate on demarcation disputes, but was to act on recommendations from employers and unions; civil servants would attend ITB meetings, but as non-voting members. ITBs were allowed to exclude smaller firms from any levies they might introduce.<sup>118</sup> ITBs could do nothing to increase non-specific training or encourage inter-industry links. They ended up repaying almost all the money paid to them, to companies they judged as having

---

<sup>115</sup> PRO CAB 129/111: Hare memorandum to Cabinet, 'Industrial training', 23 November 1962; PRO CAB 128/36: Cabinet minutes, 27 November 1962

<sup>116</sup> Cmnd. 1892, *Industrial training* (December 1962)

<sup>117</sup> R.M. Lindley, 'Active manpower policy', in G.S. Bain (ed.), *Industrial relations in Britain* (Basil Blackwell, Oxford, 1983), p. 344

<sup>118</sup> *House of Commons debates*, vol. 684, cols. 1001, 1003-6: Godber speech, First Reading, Industrial Training Bill, 20 November 1963

adequate training programmes.<sup>119</sup> Furthermore, the emphasis on tripartite training agreements had taken some of the emphasis away from FE in state institutions, in which although the absolute numbers of students (especially part-time students) increased to 1964, the percentages of each age-group active in FE were static, or even declining (see *charts IV.5-IV.6*).

The Conservatives had to struggle with rising school rolls, and increasingly strident popular demands. As competing pressures grew, many overdue projects, such as improved technical education of adolescents or industrial training, were held up. When it came to schools, Ministers were content simply to manage the 1944 Act. The weight of the past, expressed in crumbling buildings and grossly unequal educational provision, continued to hold back progress. But there were noticeable achievements.<sup>120</sup> Over-size classes were not eliminated, but pupil-teacher ratios continued to fall; Universities were enjoying undreamt-of growth. Most of all, Ministers had largely ignored Treasury warnings that education spending ‘cannot be allowed to run loose’.<sup>121</sup> The Conservatives had maintained what they thought of as a flexible, pragmatic system to provide for the infinite variety of students and pupils. In several key respects, Labour was to break decisively with this vision.

---

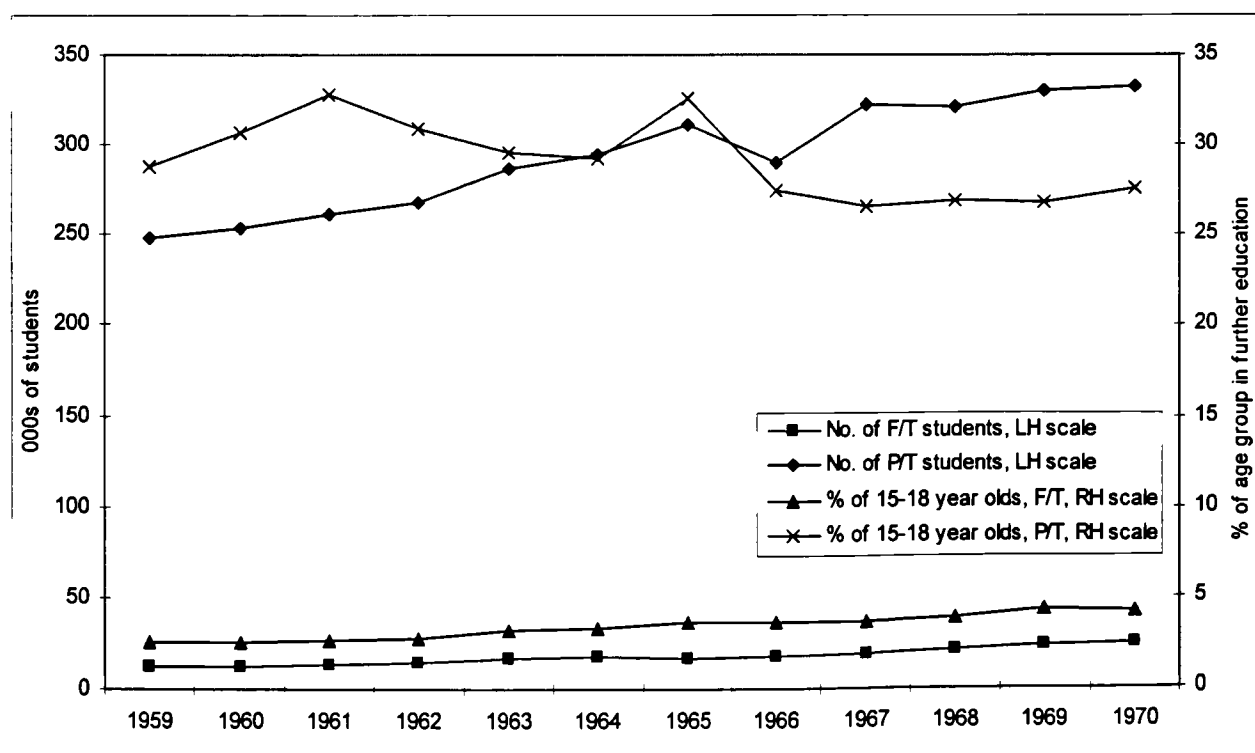
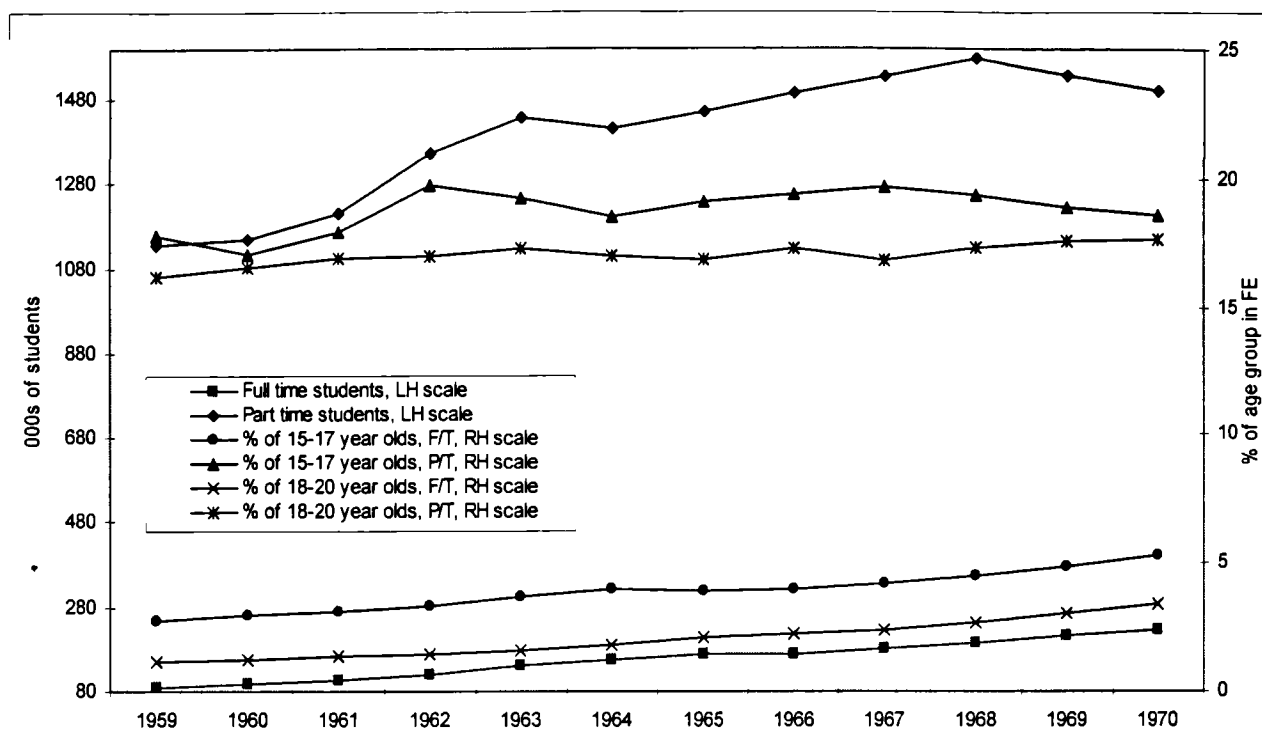
<sup>119</sup> J. Sheldrake & S. Vickerstaffe, *The history of industrial training in Britain* (Avebury, Aldershot, 1987), p. 57; E. Keep & K. Mayhew, ‘The assessment: education, training, and economic performance’, *Oxford review of economic policy* 4, 3 (1988), pp. 25-31

<sup>120</sup> Simon, ‘Tory government’, p. 283; C. Knight, *The making of Tory education policy in post-war Britain 1950-1986* (Falmer Press, Aldershot, 1990), p. 3

<sup>121</sup> Clarke to Macmillan, 9 May 1962; Dean, ‘Conservative governments 1951-64, and their changing perspectives on the 1944 Education Act’, *History of education* 24, 3 (1995), p. 262



Charts IV.5, IV.6. FE provision in England and Wales (IV.5) and Scotland (IV.6), 1959-70



Sources: AAS 1965 pp. 90, 95, 1971, pp. 100-1, 115; Statistics of education 1970, table 4, pp. 6-7; PRO ED 204/3: AMC evidence to Henniker-Heaton Committee, 1963

*'Other people's children': Labour's education spending, 1964-70.*

Of all the hopes raised by Labour's victory in 1964, those for Education were the most bitterly disappointed. Their 1964 and 1966 manifestos promised 'the largest school building programme in history', along with more funding for day-release, technical training, Universities, and more teachers to finally attain the Conservatives' targets on class sizes.<sup>122</sup> The National Plan correctly predicted that this would require spending in this sector to grow by one-third, more than in other fields of government spending.<sup>123</sup> In fact, the reverse happened. The percentage rate of increase in funding, which for every other arm of the welfare state at least maintained the levels of 1959-64, was in fact lower than under the Conservatives.<sup>124</sup> Planning spending totals were downgraded throughout Labour's time in office, meaning that even though spending did rise, it did so much more slowly than the Government had hoped when compiling the National Plan (*table IV.5*).

Successive spending rounds involved cuts in the planned budget of £9m (July 1967), £97m over two years (January 1968), and a further £16.7m (July 1968), although some of that last reduction was subsequently reversed.<sup>125</sup> Capital controls were also imposed, first heralded in the six-month investment 'standstill' of July 1965. As it affected Education, this first postponed all non-school capital projects for six months. The 'postponement', furthermore, was not made up through extra spending when the building programme resumed. Building was to continue as if there had been no gap at all.<sup>126</sup> There were specific reasons for some of the low totals – for example, it proved cheaper than previously thought to expand the output of trained teachers – but, overall, the shortfall cannot be disguised.

<sup>122</sup> Labour Manifestos, 1964, 1966, *Let's go with Labour, Time for decision: Craig, Manifestos*, pp. 263-4, 304-5

<sup>123</sup> Cmnd. 2764, *The national plan* (September 1965), table 21.2, p. 193

<sup>124</sup> PRO CAB 134/3283: Diamond memorandum to SSC, 'Increases in expenditure on the various social services in recent years', 27 May 1968

<sup>125</sup> PRO CAB 128/42: Cabinet minutes, 19 July 1967; *House of Commons debates* vol. 756, cols. 1586-7: Prime Minister's statement, 16 January 1968; PRO CAB 134/3201: SEP minutes, 15 July 1967

<sup>126</sup> *House of Commons debates* vol. 717, col. 228, vol. 724, cols. 214-5: Callaghan statements, balance of payments, 27 July 1965, public investment and expenditure, 8 February 1966

Table IV.5. National Plan spending increases and reality, GB (1965 prices)

	<i>Projected 1969/70 Spending (£m)</i>	<i>Real 1969/70 Spending (£m)</i>	<i>Projected % Increase</i>	<i>Real % Increase</i>
Schools	1065	1008.5	27	19.9
FE	235	222.9.	58	49.6
Teacher Training	87	49.2	55	-12.2
Universities	267	214.0	33	7.0

Sources: Cmnd. 2764, *The national plan* (September 1965), table 21.2, p. 193; *Statistics of education* vol. 5 (1970), table, vi; *Scottish educational statistics* (1970), table 70, pp. 192-3

The most painful cut was the decision to put back ROSLA from the target date of 1970-71. The Cabinet found itself confronted with the unpalatable demand for this saving by the Treasury as early as the summer of 1967. At that point, Crosland successfully argued this was 'politically out of the question'.<sup>127</sup> But following devaluation, Callaghan's case for postponement grew more pressing, for opponents of the suggestion had the problem that this was the one large and easily identifiable piece of social spending that could make a real impact on overall government expenditure.<sup>128</sup> This fact swung enough members of the Cabinet, which – although it split twelve to nine – endorsed deferment.<sup>129</sup> This decision was extremely fraught, marked by George Brown's outburst 'may God forgive you', and Crosland's accusation that fellow Ministers were betraying 'other people's children'.<sup>130</sup> However, it was confirmed ten days later.<sup>131</sup>

This was not the end of the cuts. Beyond the withdrawal of the £55m special ROSLA capital allocation, the Government also imposed a total spending ceiling for 1967/68 and 1968/69. Even projects that were being held up for lack of technical and

<sup>127</sup> PRO CAB 129/131: Callaghan memorandum to Cabinet, 'Public expenditure: proposed adjustments', 7 July

1967, Crosland Cabinet memorandum, 'Public expenditure: education', 10 July 1967

<sup>128</sup> PRO CAB 128/42: Cabinet minutes, 16 November 1967; PRO T 227/2557: Rampton to Houghton, 28 November 1967

<sup>129</sup> Anthony Crosland Papers, LSE, London [hereafter ACP], 5/18: 'For and against', January 1968

<sup>130</sup> RCD, 5 January 1968: Crossman, *Diaries* (1991 edn.), p. 437; TBD, 5 January 1968: Benn, *Wilderness*, pp. 6-7; S. Crosland, *Tony Crosland* (Cape, London, 1982), pp. 195-6; CAB 128/43: Cabinet minutes, 5 January 1968

<sup>131</sup> TBD, 15 January 1968: Benn, *Wilderness*, p. 17

building staff were to be counted within this total.<sup>132</sup> This new freeze ensured that LEAs did not simply replace ROSLA plans with schemes from their backlogged programmes, and apply further political pressure on the Government.<sup>133</sup> The extra approvals needed to enforce ROSLA in 1972-73 – £105m over three academic years – were eventually accepted by the Treasury, though not without a further attempt at delay.<sup>134</sup> The whole building effort had been pushed back by two years.

There were, however, considerable advances, as in the supply of teachers. Estimates of future pupil numbers had now reached their zenith, and in this situation the Department was involved in a successful emergency action to increase their output of new teachers. In 1965, NACTST raised their advice on the number of places required in Teacher Training Colleges from 111,000 to 120,000, leaving the outstanding promise of the late Government far behind at 80,000.<sup>135</sup> The cost, estimated by the Treasury at £45m on buildings alone, seemed prohibitive, but as Crosland told the Cabinet, 'I can hold the position [on class sizes] only if I can show that we are not going to do worse than our predecessors'.<sup>136</sup> He did indeed win a large increase in the places apportioned to the Colleges for 1973-74, increasing their numbers to 110,000, by promising efficiency measures in this sector.<sup>137</sup>

Although Teacher Training investment was hit by the investment standstills, Crosland met his efficiency targets with a 'fourteen point plan' announced in April 1965.<sup>138</sup> This centred on a concentrated four-term year to increase the use of facilities and speed up the course. Longer hours, temporary training courses in FE institutions,

<sup>132</sup> PRO ED 142/22: DES Circular 6/68, 19 January 1968

<sup>133</sup> PRO ED 203/4: Andrew to Gordon Walker, 12 January 1968

<sup>134</sup> PRO T 227/2557: Jordan-Moss to Hudson, 29 October 1968; PRO ED 207/32: Jameson to Hudson, 31 October 1968, Andrew to Short, 17 December 1968

<sup>135</sup> PRO CAB 134/2534: Stewart memorandum to SSC, 'Teacher training colleges in England and Wales', 30 November 1964, Social Service Committee minutes, 2 December 1964

<sup>136</sup> PRO T 227/2525: Battishill memorandum, 'Teacher training places down to 1973-74', 4 February 1965; PRO CAB 129/120: Crosland memorandum to Cabinet, 'The development of Higher Education', 29 January 1965

<sup>137</sup> PRO T 227/2525: Crosland to Callaghan, 9 February 1965

<sup>138</sup> ACP 5/2: Crosland speech to AEC, April 1965

bigger classes and new refresher courses were also mobilised.<sup>139</sup> <sup>Forty-eight</sup> of the 150 Colleges of Education met or exceeded the Department's target of a 20% increase in output through savings: St Mary's in Twickenham, for instance, extended its working day by one and a half hours for four days a week. These efficiency savings, which the DES estimated at £2m a year, even impressed the Treasury, which agreed to re-phase the College building programme for 1968-69 and 1969-70 along the lines the DES had originally requested, to meet the 110,000 target.<sup>140</sup> So successful was the crash programme that by the end of 1968 the Treasury was worrying that numbers would overshoot their target.<sup>141</sup>

By 1969 the DES was highly optimistic, projecting teacher surpluses by 1978, and a large and sustained drop in class sizes.<sup>142</sup> The huge overall expansion achieved can be followed in *chart IV.8*, and the gains in pupil-teacher ratios from *chart IV.7*. There was an ironic end to this story, for the 1970s saw a massive deflation of the number of future pupils as birth rates sank. By the early 1980s, governments were reducing the Teacher Training provision so painstakingly built up to 110,000: in 1980-81, 28,000 places were cut.<sup>143</sup> These particular population forecasts were invalidated by the passage of time.

<sup>139</sup> PRO ED 86/429: DES memorandum, 'Measures to improve the supply of teachers from the training courses', 7 January 1965

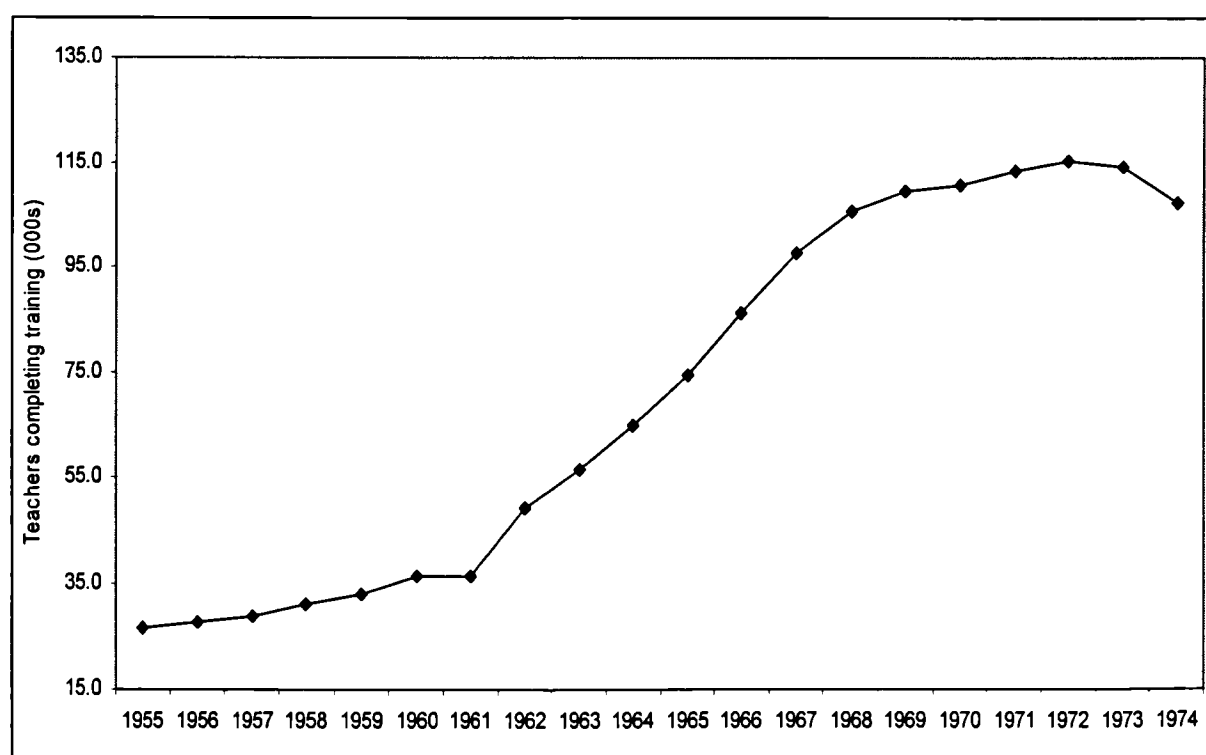
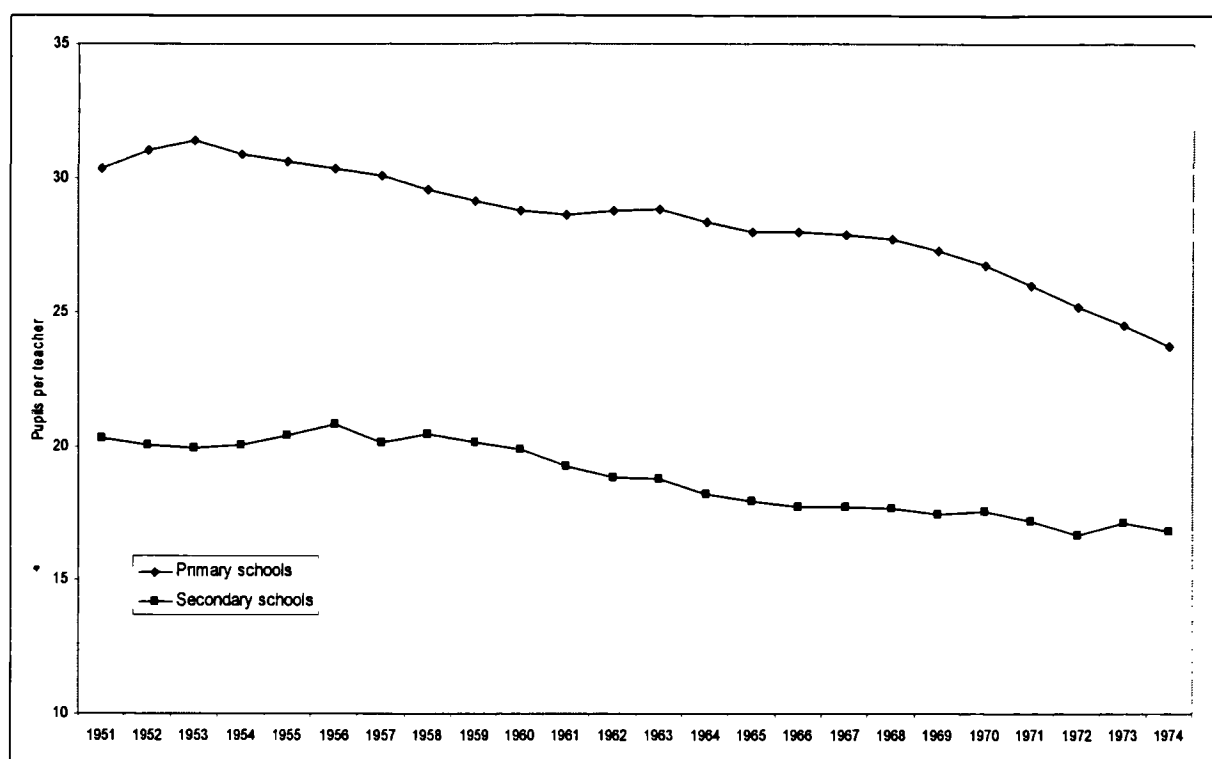
<sup>140</sup> PRO T 227/2629: Rampton to Hudson, 15 May 1967, DES memorandum, 'Output from colleges of education - the response to college letter 7/65', 21 September 1967

<sup>141</sup> PRO T 227/2629: Jameson to Jones, 24 September 1968, Harding to Jordan-Moss, 17 October 1968

<sup>142</sup> PRO CAB 134/3285: SSC, minutes, 28 July 1969; 'Surplus of teachers expected by 1979', *Times*, 3 January 1969

<sup>143</sup> M. Shattock, 'Demography and social class: the fluctuating demand for Higher Education in Britain', *European journal of education* 16, 3 (1981), p. 381, and fig. 1, p. 382

Charts IV.7, IV.8. Pupil-teacher ratios and teacher training provision, GB, 1951-74



Sources: Simon, *Order*, table 14a, p. 597; Mitchell, *Historical statistics*, table I1, pp. 886-7; *Statistics of Scottish education* 1969, table 42, p. 122, 1972, table 46, p. 130, 1974, table 62, p. 162

HE as a whole continued to enjoy unparalleled advance. Labour's acceptance of the Robbins objective was inevitable, given the pressure they had exerted on this while in Opposition.<sup>144</sup> However, further pressures were emerging. Increasing numbers of 18 year olds were passing A Levels: the DES was already estimating that 430,000, rather than the Robbins target of 390,000 places, would be needed by 1973-74. No immediate decision on this further increase was taken, mainly due to the opposition of John Diamond as Chief Secretary.<sup>145</sup> Wilson also took a special personal interest in the 'University of the Air', eventually the Open University, employing his personal fixer, Lord Goodman, to negotiate with the BBC to give the project air time.<sup>146</sup> Wilson also protected his Arts Minister, Jennie Lee, from demands (some from within the DES) that the project be dropped.<sup>147</sup> Established in 1970, the OU had 60,000 students, or 20% of the undergraduate population, by 1979.<sup>148</sup>

*Table IV.6. HE numbers, GB, 1970-71 (000s): Robbins and reality*

	<i>Universities: Robbins</i>	<i>Universities: reality</i>	<i>All HE: Robbins</i>	<i>All HE: reality</i>
Students	200	228	344	443

*Source:* Simon, *Order*, table 5.3, p. 314

As *table IV.6* confirms, the Government did indeed expand provision far beyond the Robbins targets, as the A Level success rate ran at 25% above Robbins estimates even by 1967.<sup>149</sup> The capital standstills did apply to Universities, but even so, current spending per student was at least maintained (*chart IV.9*). Although pressure grew from the Treasury to introduce student loans, the DES was able to fend this off with the argument that with loans the Government would lose control of a

<sup>144</sup> PRO CAB 128/39: Cabinet minutes, 1 February 1965

<sup>145</sup> PRO CAB 134/2534: Social Service Committee, minutes, 9 December 1964

<sup>146</sup> B. Brivati, *Lord Goodman* (Richard Cohen, London, 1999), pp. 121-3

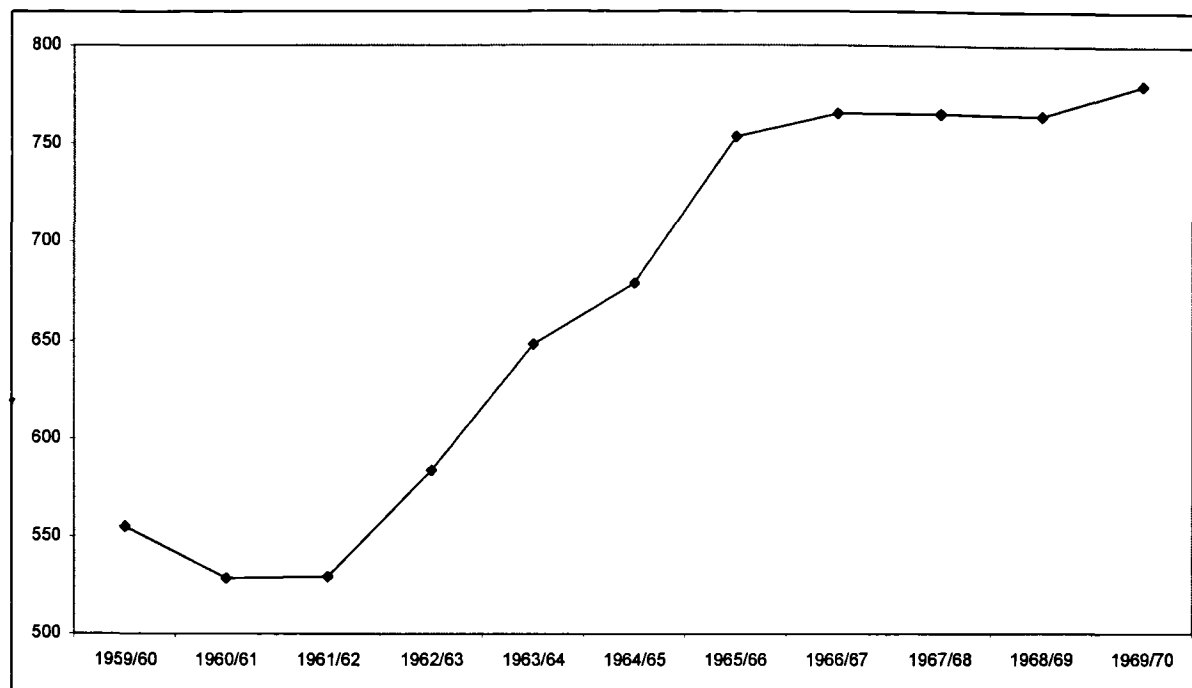
<sup>147</sup> Pimlott, *Wilson*, p. 514; P. Hollis, *Jennie Lee* (OUP, Oxford, 1997), pp. 306-7, 312-19

<sup>148</sup> Stewart, *Higher education*, table 15.2, p. 283

<sup>149</sup> Layard, King & Moser, *Robbins*, table A.2, p. 108

significant portion of HE funding, and the fact that such a scheme was unlikely to be self-financing for ten years or more.<sup>150</sup>

*Chart IV.9. Total spending per University student, GB, 1959-70 (total £, 1959 prices)*



*Source:* Stewart, *Higher*, table 15.1, p. 268; AAS (1970), table 125, p. 114, (1972), table 140, p. 125

The last months of the Labour Government were, moreover, marked by a new resilience on the part of the DES. This became apparent when the Department secured the same capital allowances for ROSLA in 1973 that had been cut from 1971, even though the increase of children compulsorily staying on would be lower.<sup>151</sup> The DES also managed to avoid cuts in the school transport budget, and protect most of its minor works programme.<sup>152</sup> This trend reached its climax when Short brought the case to the Economic Policy and Parliamentary Committees of Cabinet, arguing that Education had been made to suffer more pain than any other social service. His

<sup>150</sup> PRO CAB 129/131: Crosland memorandum to Cabinet, 'Public expenditure: education', 10 July 1967; PRO T 227/2557: Anson to Rampton, 27 November 1967, Rampton to Houghton, 28 November 1967

<sup>151</sup> PRO ED 207/32: Andrew to Hardyman, 7 May 1968

<sup>152</sup> PRO PREM 13/2070: Short to Wilson, 10 October 1968, 21 October 1968; PRO CAB 128/44: Cabinet minutes, 29 July 1969; RCD, 29 July 1969: *Diary* (1991 edn.), pp. 643-4



spirited opposition to any more cuts was originally sparked by proposals to increase FE fees to hold down LEA spending. This, the Education Secretary pointed out, would mean that technical courses for those already working would be worst hit, since full-time students would still be exempt. This would further damage the take-up of FE courses the Government were trying to encourage.<sup>153</sup>

Short further showed that, across the whole Education spectrum, the Government's pledges were under threat. University building was at a standstill; Polytechnic plans without more buildings were 'little more than a blueprint'; 'the replacement of slum schools' was at risk; comprehensive reorganisation was proceeding at a crawl.<sup>154</sup> Although Short also had to report that the Social Services Committee was divided on which areas to give priority to, they were at least authorised to begin 'some reallocation of priorities... without adding to the total of public expenditure or the call it made on resources'.<sup>155</sup> The DES limited the cuts to £10m, since the Social Services Committee was content to offset some reductions against one month's delay in uprating social security benefits, and rises in NHS charges for dentures and spectacles.<sup>156</sup> Short was then able to reverse SEP's decision to charge £10m more in FE fees, as well as for school transport, though only at the cost of allowing an increase in school meal charges.<sup>157</sup> He was also able to head off further cuts in the school building programme, though there were small reductions in miscellaneous University spending for 1970/71.<sup>158</sup>

<sup>153</sup> PRO CAB 134/3201: SEP minutes, 22 October 1968

<sup>154</sup> PRO CAB 134/3283: Short memorandum to SSC, 'Public expenditure and educational policy', 13 November 1968; PRO CAB 134/3301: Short memorandum to Parliamentary Committee, 'Public expenditure and educational policy', 19 November 1968

<sup>155</sup> PRO CAB 134/3301: Parliamentary Committee minutes, 28 November 1968; PRO CAB 134/3283: Short memorandum to SSC, 'Educational expenditure', 4 December 1968

<sup>156</sup> PRO PREM 13/2588: McIntosh to Wilson, 2 January 1969; PRO PREM 13/3169: Wilson to Short, 23 June 1969

<sup>157</sup> PRO CAB 134/3285: SSC, minutes, 12 May 1969; PRO PREM 13/2953: Short to Wilson, 12 June 1969; Wilson, *Governments*, pp. 647-8

<sup>158</sup> PRO CAB 128/44: Cabinet minutes, 24 July, 27 July 1969

*'Pros and cons': planning machinery for education*

Labour Ministers were concurrently involved in the creation of new machinery, with which to make hard policy choices. This was partly Crosland's personal initiative, insisting on the formation of a Planning Branch within the DES, with a Deputy Secretary as its head, against much civil service advice. Herbert Andrew for example complained of the 'vast philosophical haze' that surrounded the subject.<sup>159</sup> Officials would have preferred to preserve the planning roles of separate Branches, and opposed planning 'divorced from day to day administration'. However, Crosland was adamant that forward planning should be at the heart of the Department, to judge 'the pros and cons and consequences of spending £x million on nursery education v. higher education v. everything else one can think of'.<sup>160</sup> Statistics, forecasting, and the DES economists were taken into the new Branch, which began work in October 1966 on the rationale of numbers in different post-16 sectors.<sup>161</sup> It provided a conduit from academia through its Technical Advisory Group, which included such famous names as Vaizey, Michael Young, Claus Moser, and A.H. Halsey.<sup>162</sup>

Perhaps most importantly, the DES could now contribute actual original research to the Treasury's Education Programme Committee, rather than simply pleas for more money. This Committee, which first met in March 1966, was instituted to 'create and examine choices', and 'sort... out the longer-term possibilities of choice in the education field'.<sup>163</sup> In the first eighteen months of the Programme Committee's

<sup>159</sup> PRO ED 100/154: Andrew to Rossetti, Turnbull, Weaver, Embling, Fletcher, Redfern, 17 June 1966, Andrew memorandum, 27 October 1966

<sup>160</sup> ACP 5/2: DES note for Crosland, 'Research, statistics, and forward planning' (?March) 1966, Crosland to Andrew, 'Long term planning', 25 May 1966; Kogan, *Politics*, p. 176

<sup>161</sup> ACP 5/2: Note of meeting, Crosland, Andrew, Rossetti, Weaver, Fletcher, Litton, 28 June 1966; PRO ED 181/213: Heigham to Crosland, 'The use of economists in the DES', 11 August 1966, Fletcher memorandum, 'Office organisation from 3rd October 1966', 8 September 1966

<sup>162</sup> PRO ED 181/214: Stuart to Heigham, 7 September 1966, Heigham to Dovey, January 1967; PRO T 227/2334: Stevens to Jay, 'Very long term planning exercise', 30 August 1966

<sup>163</sup> PRO T 227/2205: Rampton memorandum, 'Education programmes committee', 30 March 1966, Treasury note, 'Education programme committee: scheme of future work', June 1966, Clarke to Andrew, 17 January 1966

work, the DES submitted papers on the economics of different modes of teaching for 15-18 year olds, building for student accommodation, and new methods of teaching such as the use of television. They also submitted work on the demographic, educational and quality demands that made for increasing costs.<sup>164</sup> In terms of public expenditure, such work made it much easier to choose priorities, and understand both the quantitative and qualitative implications of their decisions.<sup>165</sup> As an adjunct to PESC, it helped provide the lists of 'increases' and 'decreases' with which Cabinet Ministers became familiar in the later 1960s.<sup>166</sup>

Education was a pioneer department for new budgeting methods, for instance PPB.<sup>167</sup> This further stimulated the improved planning effort, and played into Crosland's hands. The Department agreed to test out such methods in consultation with both the MOD and the Treasury.<sup>168</sup> Given the Treasury's interest in forward planning, along with the DES's appointment of Ian Byatt (one of Crosland's choices for Planning Branch) to the study, it came as no surprise that the work culminated in a favourable report. The report broke down DES spending into blocks, with their own objectives, and suggested ways to evaluate the effectiveness of spending in each case.<sup>169</sup>

Building planning was also brought to a new pitch in the later 1960s. During 1964 and 1965, A&B Branch began to gather detailed information as to which LEAs could actually meet their targets, inevitably encouraging the quicker industrialised

---

<sup>164</sup> PRO T 227/2556: 'Education programme committee, progress report', 8 November 1967

<sup>165</sup> PRO CAB 134/3282: Secretaries' memorandum to SSC, 'Development of the social services: work in hand', 27 March 1968

<sup>166</sup> e.g. PRO CAB 129/130: Callaghan memorandum to Cabinet, PESC Report 1967, 'Public expenditure: areas of choice', 15 June 1967; PRO CAB 134/3282: Crossman memorandum to SSC, 'Development of the social services: areas of choice', 27 March 1968

<sup>167</sup> See above, chapt. III

<sup>168</sup> PRO ED 100/154: Andrew to Rossetti, 17 June 1966, Andrew memorandum to inter-departmental meeting, 27 October 1966, DES meeting with Treasury, minutes, 4 August 1966

<sup>169</sup> PRO T 316/64: DES/ Treasury Report, 'Feasibility of output budgeting', January 1969

building methods by so doing.<sup>170</sup> Direct pressure was put on Counties and County Boroughs which had not yet joined building consortia, pointing out that they could work directly with building contractors' proprietary building systems, under advice from the Department.<sup>171</sup> Detailed technical work continued to build up a pool of standardised components on which all LEAs could draw, and the DES encouraged the establishment of LEAs' own Development Groups. Such measures brought industrialised building of schools to their late 1960s highs (see *chart IV.3*).<sup>172</sup>

The continuing need to control public expenditure, however, was the main reason why the Government established new controls, for example clamping down on the number of so-called 'mini-minor' projects. For several years, LEAs had been permitted by the DES to carry out works costing less than £2,000 'off the ration' – that is, without permission from central government. Reg Prentice, Crosland's Minister of State, announced this concession would end in February 1965, causing consternation in local government.<sup>173</sup> Prentice received a delegation from the Association of Education Committees, covering himself by protesting that it was 'not part of his duty to say what [the] Treasury did'. 'Put your own construction on... why there was delay in making the announcement', he told the AEC. He did consider their proposal that repairs and maintenance be financed from revenue, rather than capital works that were scrutinised in Whitehall, but rejected this as simply another request for increased spending.<sup>174</sup>

Crosland announced in June 1966 that still longer periods of approvals notice – up to two years - were also to be given to LEAs, allowing them to plan building

---

<sup>170</sup> PRO ED 150/171: Lacey to LEA architects, 25 March 1965

<sup>171</sup> PRO ED 150/171: Wigglesworth memorandum, 'Development group, programme of technical work', 19 October 1964, Hardyman to LEAs, 18 October 1965

<sup>172</sup> PRO ED 150/172: Report on industrialisation of educational building, February 1966; PRO ED 150/171: Kitchen note, 'Building productivity group: 1966 report', 11 November 1966, 'Chief Architects' Committee: future technical collaboration', December 1966

<sup>173</sup> LUA MS 618/A19 (d): Labour press release, 18 February 1965

<sup>174</sup> LUA MS 618/A19 (d): AEC meeting with Prentice, minutes, 24 March 1965, Prentice to Alexander, 3 June 1965

with more assurance.<sup>175</sup> Although this effort was delayed by ROSLA deferment, a concerted effort was being made by A&B Branch to build an orderly approvals system, to replace the old 'stop-go' of yearly applications. This would allow backlogs to be cleared, and end the system under which LEAs submitted 'inflated' bids and 'when we reduce the list this is headline news as a "Ministerial cut"...' DES architects aimed at systemising their practice of asking LEAs how much building work they could actually undertake, rather than just what they would like to do. They would therefore establish four categories: a 'current programme', containing buildings likely to be built in that academic year, 'starts', likely to go ahead next year, followed by a 'design programme' for the following year, and an 'early warning list' that could be worked on thereafter.<sup>176</sup> Refined after talks with LEAs into 'design', 'preliminary' and 'starts' lists, this scheme was implemented in 1968.<sup>177</sup> Partly due to this, the DES and Treasury then worked on a deal that would swap detailed control by veto with a general spending limit over much of LEA spending.<sup>178</sup>

---

<sup>175</sup> ACP 5/2: Crosland address to AEC, 24 June 1966

<sup>176</sup> PRO ED 203/13: A&B Branch memorandum, 'Building programme procedure', 4 April 1967

<sup>177</sup> PRO ED 203/13: DES meeting with Alexander, AEC, 16 November 1967, DES meeting with ILEA, 7 December 1967, Hardwick to Dovey, 1 February 1968

<sup>178</sup> PRO T 227/3031: Forsyth to Jones, 'DES letter', 7 August 1969, Levitt to Forsyth, 'Control over local authority capital expenditure on education', 12 August 1969; PRO T 227/3118: Treasury meeting with DES/ DHSS/ MOT/ WO/ MHLG, local authority associations, 'Local authority capital programmes', minutes, 12 March 1970

*'Melting pot': Further Education and Polytechnics, 1964-70*

Labour decisively rejected the Robbins recommendations for a unified system of 18+ education. Instead, Crosland declared for a 'binary system'. This would retain Universities as research and teaching centres with the power to grant degrees, but create new institutions – Polytechnics – that would focus on FE and non-University HE. In Opposition, Crosland had contributed to a Report that condemned such an idea. The Report of Labour's Study Group on HE, *The years of crisis*, had in 1963 condemned the 'segregation' of HE into 'dockets into which students are fitted'. 'The time has come to end these artificial distinctions', it concluded: 'University status should be conferred on a wide range of institutions which are at present excluded'.<sup>179</sup> However, in his famous Woolwich speech of April 1965, Crosland announced his intent to establish Polytechnics through an expansion of Colleges already providing HE under LEA control.<sup>180</sup>

This policy had been promoted within the Department by Toby Weaver, Crosland's Deputy Secretary in charge of HE: but Crosland 'made it his own'.<sup>181</sup> Along with an early decision to uphold the Conservatives' decision to maintain the distinction between Colleges of Education and Universities, this irritated several of Crosland's ideological allies. Robin Pedley, Director of the Exeter Institute of Education, was among these. He wrote to Crosland complaining that maintaining a segregated system was 'disastrous', since it 'seriously conflicts with the philosophy of comprehensive education'.<sup>182</sup> Why, then, should Crosland have strayed so far from Party policy and ideological orthodoxy? One reason was pressure from the local Colleges of Technology, which had been left out of the Robbins scheme for HE altogether. Those at Coventry and Brighton, for instance, had pressed very hard for inclusion in Warwick and Sussex Universities, without success. Building them up as a new sector was a compromise to assuage their annoyance.<sup>183</sup>

<sup>179</sup> Labour Party, *The years of crisis* (Labour Party, London, 1963), p. 9

<sup>180</sup> K. Jeffrys, *Anthony Crosland* (Richard Cohen, London, 1999), pp. 108-9

<sup>181</sup> Crosland, *Tony Crosland*, pp. 158-9

<sup>182</sup> PRO ED 147/640: Pedley to Crosland, 3 May 1965

<sup>183</sup> Parry, *Provision*, p. 135

There was other, more pressing, justifications: cost and speed. 'It would have been utterly wrong', Crosland argued, to throw every institution into the 'melting-pot of administrative reform... at a time of rapid expansion'.<sup>184</sup> With all but one of the 155 Regional, Area and Commerce Colleges offering degree courses in 1964-65, the Government concentrated non-University HE in Polytechnics so that it would be limited to only a few, cost-effective, centres. Buildings, administration and equipment would all be concentrated in less than 30 institutions, which in a number of cases made for awkward amalgamations. The South Bank Polytechnic, for instance, brought together the City of Westminster College of Commerce, Borough Polytechnic, and the Brixton School of Building.<sup>185</sup> Those Colleges 'left behind' would be left to develop lower-level qualifications with the ITBs.<sup>186</sup>

*Table IV.7. Polytechnic subject areas, numbers and percentages, GB, 1970-78*

<i>Subject group</i>	<i>1970</i>	<i>1974</i>	<i>1978</i>
Engineering and technology	43,628 (34.4)	37,744 (26.1)	43,593 (21.2)
Science	14,194 (11.2)	16,304 (11.3)	21,845 (10.6)
Professional and vocational subjects	10,531 (8.3)	11,863 (8.2)	14,098 (6.8)
Social, administrative, business	42,326 (33.3)	54,882 (37.9)	68,557 (33.3)
Medical and welfare	3,613 (2.8)	5,913 (4.1)	7,455 (3.6)
Education	2,675 (2.1)	5,106 (3.5)	17,794 (8.6)
Languages, arts, music, drama	6,925 (5.4)	9,297 (6.5)	15,149 (7.4)
Language and literature	2,252 (1.8)	3,364 (2.3)	5,112 (2.5)

*Source:* Gosden, *System*, table 6.1, p. 182

The Polytechnics did achieve a large expansion of facilities, and help to relieve some of the pressure of numbers on Universities. But during the 1970s, as pupil numbers shifted towards arts subjects, Polytechnics' apportioned role was threatened as they drifted into providing more space for these subjects (see *table*

<sup>184</sup> 'Pluralism in Higher Education', speech delivered at University of Lancaster on January 20, 1967: Crosland, *Socialism now* (Cape, London, 1974), pp. 211-13

<sup>185</sup> Timmins, *Five giants*, p. 246

<sup>186</sup> Cmnd. 3006, *Higher education within the further education system* (May 1966), pp. 4-6

IV.7).<sup>187</sup> This would eventually see them redesignated as Universities in the *early* 1990s. Crosland identified this tendency, with some regret, as early as 1972.<sup>188</sup>

Beyond the new Polytechnics, the development of technical education was stalled, at least in terms of students released for formal study in FE institutions. Following expansion in the first four years of Labour Government, numbers and age-participation rates were again in retreat by the time Labour left office. The results of the ITA, leaving skill levels to individual companies provided they could persuade their Boards that they had their own training schemes, were clear: while numbers in full time FE went on slowly increasing, part-time attendance first stabilised, and then began to fall (see *charts IV.5-IV.6*). There were some plans, eventually aborted, to reverse this stagnation. One idea was that ROSLA might be amended so that the last year in school could instead be taken in full-time FE, which at least would have raised the status of non-academic study and helped maintain interest in the less academic streams. The idea was trailed by Education Ministers, and studied by officials, but left unfulfilled for lack of funds and enthusiasm among LEAs, industry and Trade Unions.<sup>189</sup>

---

<sup>187</sup> C. Landymore, 'Education and industry since the War', in D. Morris (ed.), *The economic system in the UK* (OUP, Oxford, 1985), table 22.9, p. 711

<sup>188</sup> ACP 5/2: draft speech, City of London Polytechnic, 'The future of Polytechnics', 9 June 1972

<sup>189</sup> PRO CAB 134/3288: Short memorandum to SSC, 'The last year of compulsory education', 30 September 1969; PRO CAB 134/3285: SSC, minutes, 22 October 1969; PRO T 227/2998: Forsyth to Jordan-Moss, 3 October 1969



*'Making choices': Labour and selectivity*

One of the Government's palliatives for delaying ROSLA was to establish a novel form of funding: Educational Priority Areas, (EPAs). These had been one recommendation in the Plowden Report, *Children and their primary schools*, in November 1966. That Report argued that the deprived areas revealed by the Schools Survey should be given privileged status, and placed first in the queue for capital investment and teacher recruitment. One-fifth of the favoured 10% could aim to achieve their teacher supply targets in this way every year. Higher salaries would be paid to teachers in these areas, while the emphasis in building would be on works that could achieve the greatest improvement in the shortest time. Plowden estimated that these measures might cost £8m per annum by 1973.<sup>190</sup> These ideas were taken up by a Government desperate to lessen the social inequalities of education, but constrained by public expenditure limits.

In preliminary consultations on EPAs, Ministers made clear they wanted to 'draw a distinction between a slum area in Shoreditch... and a small mining village with poor housing and poor cultural background where the kids still had plenty of room and enough to eat'. They wanted to favour the former.<sup>191</sup> A Circular was issued, inviting bids, in August 1967: there was to be extra money, over and above the existing capital programme, for EPAs in 1969/70. This amounted to £16m over two years. Although as Plowden envisaged, most of this money was aimed at Primaries, Secondary bids would also be taken. The test for eligibility would favour the older industrial conurbations, taking into account 'concentration of crowded, old, sub-standard and badly maintained houses', noise and pollution, high numbers of benefit recipients, and levels of truancy. About half the money was to be allocated to minor works, so that if the Plowden recommendation of £5,000 spending on each school was followed, 1,600 schools could be upgraded.<sup>192</sup>

<sup>190</sup> CAC (Plowden Report), *Children and their primary schools* (HMSO, London, 1967), pp. 50-1, 62-5, 437

<sup>191</sup> PRO ED 207/31: Crosland reported in Andrew to Rossetti, 21 July 1967

<sup>192</sup> PRO ED 142/21: DES Circular 11/67, 24 August 1967

This selectivity was reinforced by devaluation. Treasury officials were 'tactically' willing to offer up to £10m of savings from this back into school building in depressed regions, especially EPAs. Eventually, £8m was in fact held back, forming the total EPA budget for 1968/69.<sup>193</sup> But there was more to the programme's survival than presentation, for the emergence of a 'liberal planning agenda', as in housing and health care, had begun to seep into Education. For instance, the Community Development Programme launched by Labour in 1968 played a crucial role in securing EPAs' survival.<sup>194</sup> The inter-departmental CDP Working Party sponsored a year's research into EPAs, to discover where the money would best be used. These studies were conducted in partnership with schools, HMIs and LEAs to form 'horizontally organised inter-service team[s] making use of existing local strengths and leadership'. This technique closely mirrored the Ministry of Housing's Deeplish study.<sup>195</sup>

Their studies of 105 schools in 15 areas showed that, although there were no areas with uniformly bad schools, areas of social deprivation did indeed endure inferior provision. Preferential treatment might alleviate this, for many buildings were poorly maintained, rather than structurally inadequate. The 'general sordidness, and absence of good sanitation and hot water', officials concluded, 'suggests that a programme of small minor projects might be effective'.<sup>196</sup> Selectivity was reinforced by the Urban Programme, co-ordinated by the Home Office, which aimed at environmental improvements in inner city areas. The money involved for education was only £3m a year, with just less than half earmarked for nursery education. Even so, this might provide 20-30,000 nursery places, an increase in age-group participation from 13% to 15%, concentrated in depressed areas.<sup>197</sup> Ministers

<sup>193</sup> PRO T 227/2557: Rampton to Houghton, 28 November 1967; PRO ED 142/22: DES Circular 6/68, 19 January 1968

<sup>194</sup> J. Higgins, *The poverty business* (Basil Blackwell, Oxford, 1978), pp. 39-40, 43

<sup>195</sup> PRO ED 207/10: DES memorandum, 'Identification of CDAs', 17 January 1968, Working party on CDAs, minutes, 28 January 1968; on Deeplish, see below, Chapter V

<sup>196</sup> PRO ED 207/10: Byatt to Leadbetter, 24 April 1968

<sup>197</sup> PRO ED 142/22: DES/ HO/ MOH circular 19/68, 4 October 1968; PRO ED 142/23: DES/ HO/ DHSS Circular 2/69, 7 February 1969

envisaged these measures coming to an end in 1970, but by then they had paid out to 86 LEAs in England and Wales.<sup>198</sup> In Scotland, 'designated' schools could add £100-200 a year to salaries to attract teachers to difficult schools, which helped recruitment there too.<sup>199</sup> Some measure of the impact of EPAs can be divined from *table IV.8*.

*Table IV.8. EPA spending, major conurbations, England and Wales, 1968-70 (£000s, current prices)*

	<i>EPA major works</i>	<i>EPA minor works</i>	<i>Normal building: major works</i>	<i>Normal building: minor works</i>	<i>EPA as % of major works</i>	<i>EPA as % of minor works</i>
ILEA	1630	634	3451	1100	47.2	57.6
Birmingham	1648	157	787	400	209.4	39.2
Liverpool	758	245	266	266	284.9	92.1
Lancashire	453	455	5718	820	7.9	55.5
Manchester	340	458	356	256	95.5	178.9
Sheffield	377	148	142	200	265.5	78.0
Leeds	385	100	364	200	105.8	50.0
<i>Total (E&amp;W)</i>	<i>12,891</i>	<i>3,123</i>	<i>39,070</i>	<i>10,809</i>	<i>32.9</i>	<i>28.9</i>

*Source: House of Commons debates*, vol. 774, cols. 163-66: Bacon written answer, 28 November 1968

Labour's EPA programme was not the nationally co-ordinated plan that Plowden had recommended: it slanted existing programmes towards deprived areas, but only after the existing allocation processes had been exhausted. Andrew was sceptical about EPAs, and much of the work on them was conducted at the Home Office under the crusading leadership of Derek Morrell, the civil servant in charge of CDP. Central government still did not have the powers to impose a central register of actual *schools*, and target resources towards those performing badly, but had to settle for an *area* approach, congruent with CDP and the Urban Programme. Although more money was paid to teachers in these areas, the increase was not as much as Plowden had recommended.<sup>200</sup> Nonetheless, it is clear that significant sums were diverted, and this approach was to have increasing influence in the 1970s.<sup>201</sup> Furthermore, the

<sup>198</sup> *House of Commons debates*, vol. 787, col. 874: Short, oral answers, 17 July 1969; *House of Commons debates*, vol. 792, cols. 110-1: Short, written answers, 26 November 1969

<sup>199</sup> Cmnd. 4605, *Report of the Scottish Education Department for 1970* (May 1971), pp. 39-40

<sup>200</sup> K.G. Banting, *Poverty, politics and policy: Britain in the 1960s* (Macmillan, London, 1979), pp. 120, 123, 126-8, 131; Halsey, *Educational priority* (HMSO, London, 1972), pp. 38, 46-7

<sup>201</sup> R. Hambleton, *Policy planning and local government* (Hutchinson, London, 1978), p. 120

‘action research’ effort of Ministerial teams in such areas, for example developing social and community work from the ‘Red House’ centre in South Yorkshire, helped to foster links between family social work and education.<sup>202</sup>

---

<sup>202</sup> Higgins, *Poverty business*, pp. 56-7

*'Empty toughness'? Labour's comprehensive plans*

If EPAs were one example of Labour's political priorities, the planned comprehension of secondary education lay at its heart. Labour's theoretical commitment went back as far as the widespread discontent within the Party at the caution of Ellen Wilkinson and George Tomlinson as Education Ministers in the 1940s: several hostile Conference motions had then committed the Party to comprehension. So central was this to Labour doctrine that in 1953 *Challenge to Britain's* recommendation of a Leicestershire-type experiment was rejected by the Labour Conference.<sup>203</sup> The NEC's similar 'two-tier' solution in *Learning to live*, their 1958 policy statement, also ran into opposition within the Party since it concluded that 'it would not be possible within the period of a first Labour Government completely to abolish separation between schools'. It was Labour's intention merely to advise LEAs on methods of comprehension, to 'lay a firm basis' for a comprehensive future.<sup>204</sup> The unpopularity of such opinions explained the much greater radicalism of *Signposts for the sixties* and Labour's 1964 Manifesto, which vaguely but definitely promised comprehension as an objective for any Labour Administration.<sup>205</sup>

Labour Ministers did their best to carry it out, against a background of ill-fitting buildings, lack of staff and public opposition. Prompted by questions in the House, the Cabinet decided on the broad lines of policy almost immediately: not to legislate, but to 'request' LEAs to submit plans abolishing the 11+.<sup>206</sup> This decision, taken by Stewart before Crosland became Education Secretary, was partly due to the fact that comprehension 'has got to fit into the existing stock of school buildings'. Two-thirds of Secondary Schools had been built since the War, and replacement would inevitably be 'very slow'. Central government could not therefore insist that all

<sup>203</sup> R. Bilski, 'Ideology and the comprehensive school', *Political quarterly* 44, 2 (1973), pp. 201, 205; STWT 9/2/5: Pedley memorandum to NEC Social Services Committee, 'Summary of the case for the high school/ county college in a system of fully comprehensive education' (?1953)

<sup>204</sup> STWT 9/2/12: Study Group on Education, minutes, 16 July 1957; M. Parkinson, *The Labour Party and the organisation of secondary education 1918-1965* (Routledge & Kegan Paul, London, 1970), pp. 84, 86

<sup>205</sup> Labour Party, *Signposts*; Labour Manifesto 1964, *Let's go with Labour*: Craig, *Manifestos*, p. 263

<sup>206</sup> PRO CAB 128/39: Cabinet minutes, 19 November 1964

LEAs move, within one Parliament, to comprehension. All-in schools would have to be large, to allow for academic streams; they would need specialist equipment and buildings to upgrade Secondary Moderns, and adapt Grammars, for a variety of needs.<sup>207</sup> Many LEA programmes were committed ahead into 1968, which made forcing immediate re-organisation impossible.<sup>208</sup>

In January 1965 Cabinet thus accepted Stewart's compromise solution, which was to invite LEAs to submit plans for re-organisation, and to leave the question of compulsion for later.<sup>209</sup> This led to the issuing of Circular 10/65 in July, asking LEAs for their Secondary plans. However, the Circular went further than a simple request for change, laying out the schemes that the DES would find acceptable. Although the 11-18, all-in, all through comprehensive was the preferred solution, Labour permitted LEAs their own variants. Middle schools containing 8 to 12 year olds were to be allowed, as were 11-16 comprehensives with Sixth Form Colleges, perhaps adapted from Grammar Schools. 'Tiered' schools, with Lower and Upper High Schools housing 11-14, and 14-18 year olds, were also allowed. However, schools exercising self-selection (as in Leicestershire), and middle schools which did not adopt an age of transfer of 11 were only provisionally accepted, pending thorough comprehension later.<sup>210</sup> The DES tacitly accepted a range of entry ages, given that they could not supply the money to provide for a single age.<sup>211</sup>

All this was later to come in for Left-wing criticism. Actually achieving change in Government, however, was inevitably harder than a mere legislative gesture. In fact, several administrative steps made it very difficult for recalcitrant LEAs to hold out against comprehensives. The most notable of these was Circular 10/66 of March 1966. This declared that 'the Secretary of State will not approve any new secondary projects... which would be incompatible with the introduction of a

<sup>207</sup> PRO CAB 134/2536: Stewart memorandum to SSC, 11 January 1965

<sup>208</sup> PRO CAB 129/120: Stewart memorandum to Cabinet, 'Comprehensive secondary education', 14 January 1965

<sup>209</sup> PRO CAB 128/39: Cabinet minutes, 19 January 1965

<sup>210</sup> Benn & Simon, *Half way*, p. 32; Fenwick, *Comprehensive*, p. 135

<sup>211</sup> PRO CAB 129/124: Crosland Cabinet memorandum (not considered), 'Comprehensive reorganisation and raising of the school leaving age', 25 February 1966

non-selective system of secondary education'.<sup>212</sup> This made only a marginal difference, as there were few authorities seeking to build new Grammars, but it did signal a final end to officially sanctioned tripartism.<sup>213</sup> Just as important was the fact that, when postponing ROSLA, the DES was allowed to claw back £8m for special allocation to re-organisation in 1968-69, and £4m more for 1969-70 and 1970-71.<sup>214</sup> Once more, Labour had to make choices, and plan for different priorities.

Given the economic situation, what Labour achieved was actually at the limits of the possible. Crosland, for instance, knew that immediate legislation would constitute 'empty toughness'. 'Botching' would not work, 'throwing together buildings that lacked the physical requirements for a sixth form, or amalgamating a Grammar School and a Secondary Modern School so quickly that instead of creating a genuinely new school, the Grammar School ethos prevailed'.<sup>215</sup> The Department was certainly not afraid to reject local plans, even if they came from Labour councils. Some of these, notably Liverpool, thought that a Labour Government was the green light for immediate reorganisation, and received an unpleasant surprise when 'their' Minister disagreed. In that particular case, civil servants thought that the Council 'must have just got out a map of Liverpool and marked it up': furthermore, local teachers were so opposed that they organised a deputation to the DES, where they received a sympathetic hearing.<sup>216</sup>

Crosland vetoed most of Liverpool's reorganisation requests (13 out of 23 outright), given that many of them simply put existing buildings (some more than half a mile apart) together as 'new' schools, duplicating laboratories, gymanasia, and technology workshops. The Department thereafter kept a wary eye on the Liverpool situation, receiving regular complaints from teachers and parents that the LEA was attempting to re-organise 'by stealth', and forcing the Council to abandon many of its

<sup>212</sup> PRO ED 142/20: DES Circular 10/66, 10 March 1966

<sup>213</sup> ACP 5/1: Harte note, 'Labour's comprehensive policy, school building and circular 10/66', July 1977

<sup>214</sup> PRO ED 142/22: DES Circular 6/68, 19 January 1968; PRO CAB 134/3209: SEP minutes, 6 January 1969

<sup>215</sup> Crosland, *Tony Crosland*, p. 144

<sup>216</sup> ACP 5/1: Harte note, 'Labour's comprehensive policy, individual problems', July 1977; PRO ED 147/1308: J4 Association, Liverpool, to Stewart, 18 December 1964, and to Gerrard, 19 January 1965

plans.<sup>217</sup> Nor was the Department prepared to tolerate ‘selection by stealth’, as in the case of the plan submitted by Surrey. This LEA proposed to keep Grammars ‘for the time being’, while gradually expanding Secondary Moderns to a size where they could accommodate academic streams. The two types of school would ‘overlap at all points’, with parents rather than exams deciding which children went to which. Once the Secondary Moderns were ready to take all children, the Grammars might evolve into Sixth Form Colleges. Officials thought this was simply a delaying tactic, ‘totally incompatible’ with 10/65, and advised its rejection.<sup>218</sup>

The longer they remained in power, the more powers Labour Ministers took. Following massive Conservative victories over Labour in local elections in 1968, Alice Bacon as ~~Minister~~ Minister of State promised legislation to an impatient Labour Conference both that year and the next.<sup>219</sup> Short realised that ‘the process of planning had lost momentum and that a hard core of LEAs and... voluntary schools would hold out against Government policy’. He therefore asked Cabinet to approve a new Act, which would provide him with powers to force LEAs to submit plans on the basis that pupils of any ability could enter all their schools. This was *not* to compel them to actually introduce comprehension – the Government could hardly afford total reorganisation in the next five years – but did increase the pressure to do so.<sup>220</sup> LEAs would have had the legal duty to submit plans on a basis similar to Circular 10/65. Clause one of the Bill ruled out ‘selection by ability or aptitude’ to established LEA schools, despite Wilson’s wishes that the legislation should not seem to be framed against Grammars, but rather against the 11+ itself.<sup>221</sup>

<sup>217</sup> PRO ED 147/1307: Stevens to Liverpool City Council, 1 February 1965; PRO ED 147/1308: DES ‘Notes on the Liverpool Authority’s present proposals for the reorganisation of secondary reorganisation’, December 1965, Liverpool Teachers Association to the DES, 14 December 1965

<sup>218</sup> PRO ED 147/1301: Stevens to Harte, 17 June 1966, Leadbetter to Rossetti, 20 June 1966

<sup>219</sup> Alice Bacon, *Labour Party Conference report*, 1968, pp. 239–40; Bilski, ‘Ideology’, p.208

<sup>220</sup> PRO CAB 134/3285: SSC, minutes, 12 May 1969; PRO CAB 129/145: Short memorandum to Cabinet, ‘Reorganisation of secondary schools’, 21 October 1969; PRO CAB 128/44: Cabinet minutes, 23 October 1969

<sup>221</sup> PRO PREM 13/3168: Gregson to Hetherington, 26 November 1969, 6 January 1970, Gregson to Wilson, 21 January 1970; *House of Commons debates*, vol. 795, cols. 1464–6: Short speech, First Reading, Education Bill, 12 February 1970



Table IV.9. Comprehensive schools and their pupils, GB, 1966-6 to 1974-75

	<i>E&amp;W Comps (no.)</i>	<i>E&amp;W Comp. pupils (no.)</i>	<i>Scottish Comps. (no.)</i>	<i>Scottish Comp. pupils (no.)</i>	<i>E&amp;W: Comps as % of secondary schools</i>	<i>E&amp;W: Comp. pupils as % of secondary pupils</i>	<i>Scotland: Comps. as % of secondary schools</i>	<i>Scotland: pupils as % of secondary pupils</i>
1966-67	387	31,2281	137	108,000	6.7	11.1	22.3	37.5
1968-69	748	606,362	157	120,536	13.4	20.9	25.8	42.6
1970-71	1,250	973,082	182	157,912	23.2	31.9	33.6	51.9
1972-73	1,777	1,412,174	239	233,257	34.1	43.4	49.2	71.9
1974-75	2,677	2,310,103	295	316,227	52.7	62.0	61.7	82.2

Sources: Gosden, *System*, table 1.5, p. 42; Cmnd. 3549, *SED report* 1967, p. 10; *Scottish education statistics* 1968 table 4, p. 20, 1969 table 4, p. 30, 1970 table 4, p. 56, 1971 table 4, p. 30, 1972 table 4, p. 30, 1973 table 4, p. 30, 1974 table 4, p. 16

Total comprehension had not been achieved by 1970, but Labour had achieved many of their objectives through a mixture of threats, persuasion and cajoling. Ministers successfully relied on the fact that, although they did not have the power to direct reorganisation themselves, they at least possessed the power of veto. By 1970 129 out of the 162 British LEAs had got the go-ahead to carry out their plans. 11 had been sent back as unacceptable; only five had refused to submit any plans at all.<sup>222</sup> As it was put into operation in the early 1970s, reorganisation even outlived Margaret Thatcher's appointment as Education Secretary. She withdrew Circular 10/65: but having begun building in line with it, LEAs were in no mood to change tack again. Thatcher was left with little choice but to approve most of them, and by the mid-1970s comprehensives were the majority experience in British education, particularly in Scotland (see *table IV.10*).<sup>223</sup>

<sup>222</sup> *House of Commons debates*, vol. 793, col. 613: Alice Bacon, oral answers, 11 December 1969

<sup>223</sup> R. Lowe, 'The social policy of the Heath Government', in S. Ball & A. Seldon (eds.), *The Heath government 1970-74* (Longman, London, 1996), pp. 212-13

## V HOUSING

We shall overtake the shortages, eliminate the slums and accelerate modernisation until within ten years a modern or a decently modernised home is within reach of every person in the land.

-Keith Joseph, October 1963<sup>1</sup>

### *'If we had more houses': the Conservative U-turn, 1959-64*

The market for housing and land had been extensively liberalised in the 1950s, a process that has been partly concealed by Macmillan's *dirigiste* methods in reaching his 300,000 annual house building programme in the early 1950s.<sup>2</sup> Some key elements of Labour's strategy were abandoned: for instance, although those New Towns already designated were expanded, only Cumbernauld in Dumbartonshire was designated during the 1950s, and New Town house completions were allowed to fall well below Labour's targets.<sup>3</sup> In place of planned dispersal beyond the immediate proximity of the conurbations, the population in the putative Green Belt was allowed to expand by default, with most Green Belt plans not approved until the late 1950s.<sup>4</sup> The Conservatives preferred to rely on *ad hoc* negotiations between urban councils and other local authorities: voluntary agreements were encouraged in the 1952 Town Development Act.<sup>5</sup> In the housing market itself, general needs subsidies were withdrawn in 1956. Councils were thereafter to receive large subsidies only for slum clearance: public sector building therefore halved between 1953 and 1959. Private rents were decontrolled in 1957.<sup>6</sup>

---

<sup>1</sup> PRO T 224/710: Joseph speech to Conservative Party Conference, October 1963

<sup>2</sup> A. Seldon, *Churchill's Indian summer* (Macmillan, London, 1981), pp. 256, 258

<sup>3</sup> P. Merlin, *New towns: regional planning and development* (Methuen, London, 1971), pp. 38-9; P. Hall, *Urban and regional planning* (2<sup>nd</sup> edn., Penguin, Harmondsworth, 1982), p. 106

<sup>4</sup> J.B. Cullingworth, *Housing needs and planning policy* (Routledge & Kegan Paul, London, 1960), pp. 82-3, 92-3; M.J. Elson, *Green belts* (Heinemann, London, 1986), xxvi-xxvii, p. 19; D. Thomas, *London's green belt* (Faber & Faber, London, 1970), p. 33

<sup>5</sup> Hall, *Urban*, p. 108

<sup>6</sup> P. Malpass, *Reshaping housing policy* (Routledge, London, 1990), p. 91; A.E. Holmans, *Housing policy in Britain* (Croom Helm, London, 1987), table A, p. 157; Timmins, *Five giants*, p. 189

However, the early 1960s saw Conservatives rethink their liberal instincts: 'planning' was now hailed as the solution to Britain's housing and land use problems. The Government returned to a general means subsidy on council housing, and began a second round of New Town building. By 1964, their election manifesto *Prosperity with a purpose* was promising that 400,000 houses would be built every year, as well as hailing the success of regional planning in determining where land should be given up for development. The manifesto also detailed how the government would buy up land in advance for more New Towns, and utilise the National Building Agency to promote industrialised building methods.<sup>7</sup> What was behind this conversion? One answer is that the conversion was born of simple desperation. Ministers confronted with a unique combination of political, physical, and financial demands grasped at the solution of 'planning'.

One driving force was Macmillan himself, nostalgic for the methods of his days at Housing. His appointment of Charles Hill to the Housing portfolio in October 1961 was partly due to his frustration with the conservatism of Hill's predecessor, Henry Brooke. As soon as he had made the appointment, the Prime Minister was pressing for action: 'I have always felt that quite a lot of the Housing difficulties would be got over if we had more houses'. When Hill asked him for a five-year programme of 120,000 council houses a year – an increase on the previous annual forecasts of nearly 15,000 houses – Macmillan held a series of informal meetings with Hill and Lord Mills, the totemic figure from his Ministerial Council of the early 'fifties. Hill was encouraged to press his demands.<sup>8</sup> The following May Macmillan again minuted Hill, with his suggestions for manifesto promises on housing, and 'immediate action whenever the economic situation allows - or requires - a measure of reflation'. He had increased council house building, and slum clearance, in mind, along with the development of more New Towns.<sup>9</sup> Macmillan's October 1962

---

<sup>7</sup> Conservative manifesto, *Prosperity with a purpose*, October 1964: F.W.S. Craig, *British election manifestos* (Research Publications, Aldershot, 1991), pp. 38-9

<sup>8</sup> PRO T 224/381: Treasury note, 'Ministry of Housing and Local Government plans 1958/59 to 1964/65', April 1960; PRO PREM 11/4297: Macmillan to Hill, 13, 30 November 1961

<sup>9</sup> PRO PREM 11/4297: Macmillan to Hill, 19 May 1962

'modernisation of Britain' brief to Cabinet displayed a startling desire to 'control the pattern of events, to direct development, to plan growth', mobilising both regional policy and New Towns.<sup>10</sup>

There were political dangers in doing nothing, as housing moved steadily up the political agenda, much assisted in this by the so-called 'Rachman scandal'. The landlord Perec Rachman, a post-war Polish immigrant, practised intimidation to force people out of properties he had bought at prices reflecting the tenants' controlled rents: then he rack-rented or sold the properties on. His death in 1962 lifted the protection of the libel laws, and Ben Parkin, Labour MP for Paddington, seized the opportunity to attack his methods. The media inquisition, made all the more feverish given Rachman's proximity to the Profumo scandal through his mistress Mandy Rice-Davies, was extraordinary. The fact that the 1957 Rent Act allowed complete de-control of rents at change of tenancy was at the centre of a ferocious Labour attack.<sup>11</sup>

Ministers reassured themselves that they were not to blame, since the incentive to drive tenants out to reclaim properties for owner-occupation or re-letting had been present before the 1957 Act. Their overall housing drive, together with more powers to prosecute bad landlords and allow councils to insist on repairs, would ease the situation.<sup>12</sup> An inquiry was promised under Sir Milner Holland, but the issue would not go away. Opinion polls before the 1964 election showed housing in second or third place in lists of voters' concerns, behind the economy and the cost of living. 90% of Labour candidates mentioned housing and land in their election addresses, and 85% of Conservatives, making it the second and third most-mentioned topic, respectively. Housing policy had been much further down all those lists in the 1959 election.<sup>13</sup>

<sup>10</sup> PRO PREM 11/4296: Macmillan notes, 'Modernisation of Britain', 29 October 1962

<sup>11</sup> Timmins, *Five giants*, pp. 190-1

<sup>12</sup> PRO HLG 117/164: Moseley to Ward, 17 July 1963; Ward to Corfield, 24 July 1963, 'Notes on the Rent Act', (July?) 1963

<sup>13</sup> A. King, *The British general election of 1964* (Macmillan, London, 1965), pp. 128-9, table, p. 143; Butler & R. Rose, *The British general election of 1959* (Macmillan, London, 1960), table, p. 129

Ministers thought that there were more mundane reasons for this than 'Rachmanism'. By 1962 the fact that 'housing had become 'a lively political issue again, particularly among our own supporters' was put down by Hill to the fact that 'there is growing up a considerable section of the community which cannot afford to buy... and which does not want to look to the local council'.<sup>14</sup> The very people the Government was at that time so eager to woo – young professional voters, thought to have deserted the Conservatives at Orpington – were being hit at a time of pay restraint and slow growth. House price rises were the main reason for this. As is evident from *charts V. 1 and V.2*, house prices in these years ended their post-war fall relative to average earnings, and began to climb steeply. Labour were to make great play of this, since it fitted conveniently with their propaganda: 'under the Tories, the relentless pressure of decontrolled rents, Rachmanism, high interest rates and soaring land prices have pushed housing and flats beyond the reach of many ordinary families'.<sup>15</sup>

Land prices also rose very quickly, especially around London. The price of land was to rise by 50% during this decade, steadily increasing its share in the overall cost of houses, though its most acute rise was concentrated in the early 'sixties'.<sup>16</sup> Between 1960-61 and 1963-64 land prices rose by 10% per annum.<sup>17</sup> In the outer suburbs of London, there were 640% increases in plot value in the decade from 1952: even in Liverpool and Manchester the gains were 340-350%. This took land's share in house prices up to a maximum of 40% in the former case, and 23% in the latter, from around a fifth just after the War.<sup>18</sup> Even Brooke admitted that the price rises were due to 'pent up forces' that had been released now that 'market value was restored as the normal value for compensation'.<sup>19</sup>

<sup>14</sup> PRO CAB 129/109: Hill memorandum to Cabinet, 23 May 1962

<sup>15</sup> *Let's go with Labour*, October 1964: Craig, *British election manifestos*, p. 52

<sup>16</sup> Daunton, *Democracy*, p. 109

<sup>17</sup> P.A. Stone, 'The price of building sites in Britain', in P. Hall (ed.), *Land values* (Sweet & Maxwell, London, 1965), p. 11, & figs. 4 & 5, pp. 12-13

<sup>18</sup> PRO HLG 118/128: Joseph memorandum to *ad hoc* Cabinet Committee on land values, 3 June 1964

<sup>19</sup> CPA CRD 2/23/14: Conservative Housing, Local Government and Works Committee, minutes, 6 July 1960

The new Conservative agenda must therefore be seen in part as a reaction to the political unpopularity of some of the liberal policies of the 'fifties. When in 1963 Joseph broached (and achieved) a 400,000 overall annual building target for 1965-70, even Treasury resistance was couched in the terms of party politics. John Boyd-Carpenter as Chief Secretary wrote to Joseph to argue that 'it seems to me to be very doubtful whether a target without a date brings any political advantage. Once the figure is given, there will inevitably be pressure to attach a date to it - and then one has either to offend public opinion by refusing to do so or give way and hang a dated commitment round the Government's neck like a dead albatross'.<sup>20</sup> Labour promptly offered a 500,000 target – though when it came to the Election, Labour rather unconvincingly pleaded in its manifesto that 'we do not intend to have an election . auction on housing figures'.<sup>21</sup>

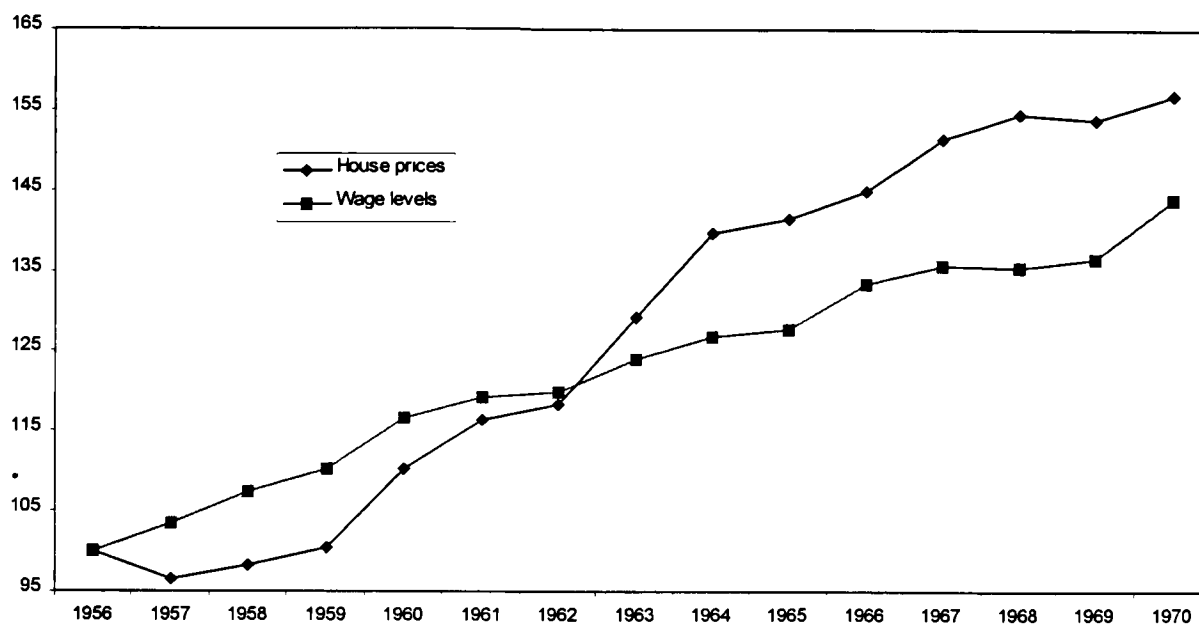
---

<sup>20</sup> PRO T 224/710: Boyd-Carpenter to Joseph, 4 October 1963; A. Denham & M. Garnett, *Keith Joseph* (Acumen, Chesham, 2001), p. 116

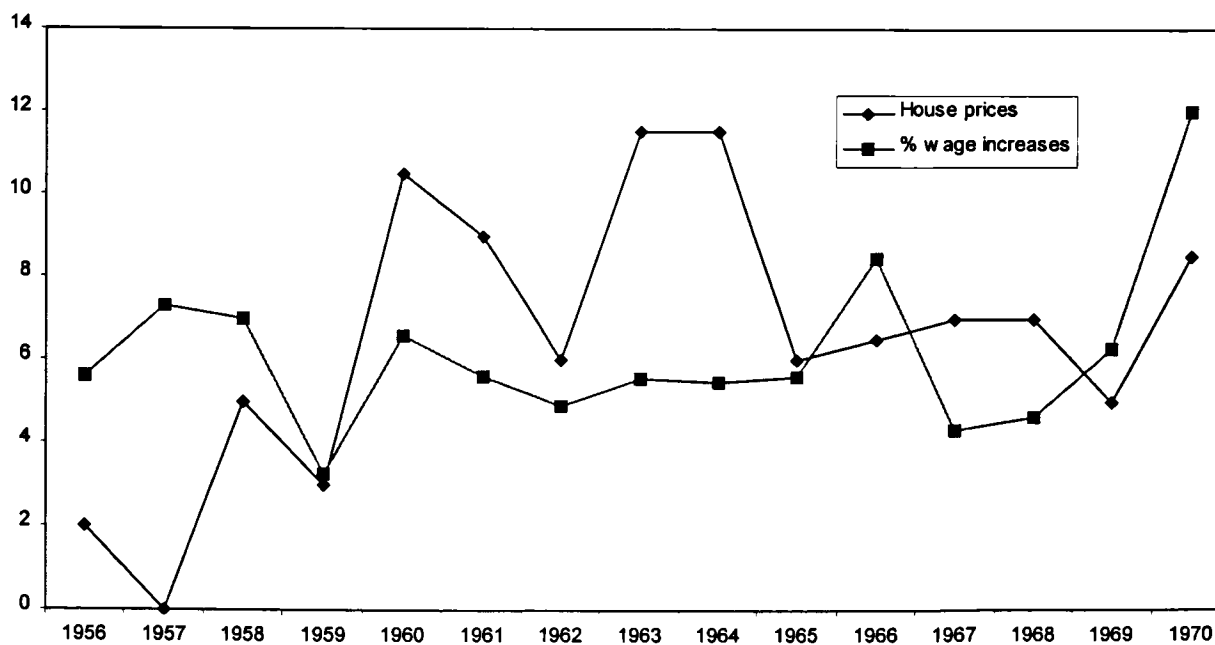
<sup>21</sup> *Let's go with Labour: Craig, Manifestos*, p. 53

## Charts V.1, V.2. House prices and wages, 1956-1970

Average house prices and wages (adjusted for inflation), 1956-1970 (1956=100)



House prices increases and wage increases, 1956-1970



Sources: Holmans, *Housing*, table VI. 13, pp. 249-50; *DEP Gazette* (various)

Added to the general demographic pressure on the welfare state were projections of falling household size and internal migration into areas of housing stress. Officials reported that migration into the South East and West Midlands might double even the natural rate of growth in those regions. That would result in over two and a half million more households in the South East of England.<sup>22</sup> These estimates of total demand were not far from reality, since although the projected birth rate was too high, the creation of new households progressed at a faster rate than expected. In the early 1960s experts' best guess were that there would be no further increase in headship rates (the number of people treated as heads of households) in the population over 40. Since headship rates were already high as marriage rates went up and the average age of marriage went down, it was not thought that a large reservoir of potential households remained.<sup>23</sup> Even the highest estimate, of 22% growth in the number of households by 1998, was based only on the hypothesis that all married men would form the heads of households, and that almost all would be married. The social changes that would make those presumptions obsolete, primarily the growth of single-parent families and one-person households, were not yet apparent.<sup>24</sup>

Estimates of household growth were in the event outstripped. Academic estimates of future yearly household formation ranged from 111,000 to 145,000: in fact, it reached 180,000.<sup>25</sup> Almost by accident, government was reacting to realistic projections of demand. Other pressures came to the fore when Ministers prepared their 1963 Housing White Paper. 'Many families', civil servants reported, 'were "doubled up" in 1951 without being registered as separate households; thus for a population increase of 3 ½ million over the last twelve years the number of households increased by no less than 2 million'.<sup>26</sup>

<sup>22</sup> PRO CAB 134/1705: secretaries' note to Cabinet committee on population and employment, 20 July 1962

<sup>23</sup> L. Needleman, 'A long-term view of housing', *NIER* (Nov. 1961), pp. 20-1; PRO T 224/713: D.C. Paige NIESR paper, 'Housing needs', (April?) 1963; cf. Ministry of Housing and Local Government, *The South East study 1961-1981* (HMSO, London, 1964), p. 10

<sup>24</sup> Cullingworth, *Housing*, pp. 43-4

<sup>25</sup> Holmans, *Housing*, pp. 109-10; Cmnd. 2764, *The national plan* (September 1965), p. 172

<sup>26</sup> PRO HLG 117/181: Housing White Paper, notes for Ministers, May 1963



Even more numerically significant than projected demographic change, and the extent of overcrowding, was the demolition of old and 'obsolete' housing. Here information was becoming available about the numbers of 'slums' that would transform the way governments thought about the demand for new houses. Up until 1960 the Ministry had been relying only on local government figures for houses that their Medical Officers of Health regarded as 'unfit'. In 1960, however, it commissioned the Government Social Survey to find out more about 'slum housing'. This inquiry revealed the true extent of physical decay. By early 1962 it was clear to Ministry officials that the problem of clearance was much more serious than they had thought. 'The evidence that is available', two of them concluded, 'indicate[s] that the problem of obsolescent housing extends well beyond the 850,000 dwellings recorded as unfit'. Nearly five million households, about a third of the total, had no fixed bath; 2.8 million lacked the exclusive use of a WC.<sup>27</sup>

When the Report was published in May 1962, other conclusions were equally worrying, for they showed just how far the private rented sector – which housed up to a third of the population – had fallen into dilapidation. 39% of privately renting tenants in Greater London, and 49% outside, had no fixed bath. The same figures for owner-occupiers were 6% and 16%, while in the public sector they were 5% and 4%.<sup>28</sup> The reasons for the decline of the rented stock were various, chief among them a tax structure slanted decisively away from landlords, and the rent control which had prevented them charging their tenants market rates for their accommodation.<sup>29</sup> A situation in which Ministers knew that 'since the war private enterprise has done almost no building to let' was yet another spur to intervention.<sup>30</sup>

---

<sup>27</sup> F.T. Burnett & Sheila F. Scott, 'A survey of housing conditions in the urban areas of England and Wales, 1960', *Sociological review* 10, 1 (March 1962): J. English, R. Madigan, P. Norman, *Slum clearance* (Croom Helm, London, 1976), p. 29

<sup>28</sup> P.G. Gray, *The housing situation in 1960* (HMSO, London, May 1962), tables 13, 41, pp. 25, 51

<sup>29</sup> Cmnd. 2605, *Report of the committee on housing in Greater London* (March 1965), p. 56

<sup>30</sup> PRO CAB 129/103: Brooke memorandum to Cabinet, 17 June 1960

The revelations about Britain's housing stock came at a highly sensitive time, for the Government's Central Housing Advisory Committee was reviewing basic minimum standards that should be set for new housing. The results were published in the Parker Morris Report of August 1961. More space for 'circulation', better (and preferably central) heating, increased privacy for children, and more electricity points for the new household appliances, were all recommended in the Report.<sup>31</sup> The Report laid down minimum standards, such as two double bedrooms for a family of four, WCs inside the dwelling, kitchens large enough to accommodate a dining table, and separate lounge-style living rooms, that millions of Britain's houses simply did not have.<sup>32</sup> Building would have to accelerate rapidly if these standards were to become the norm.

.

---

<sup>31</sup> Burnett, *Housing*, pp. 292-4; D. Donnison & C. Ungerson, *Housing policy* (Penguin, Harmondsworth, 1982), p.

52

<sup>32</sup> MHLG, *Homes for today and tomorrow* (HMSO, London, 1961), pp. 15-27, 1-2, 8-12

*'Largely out of control': the housing programme, 1959-64*

Short of legislation, all the Government could do immediately was to give some impetus to the public housing programme – though the Treasury was still pressing for further reductions. The direction of policy did then change, as housing starts moved upwards over the next three years (see *chart V.3*). By the end of 1961 Brooke, now a Minister at the Treasury, and aware of the political pressure for more houses to rent and councils' desire to build more, was prepared to accept the rise. This, however, did not stop a temporary slowing-down of approvals in the first half of 1962, nor prevent the Treasury's initial offer of 105,000 falling short of Hill's demand for 120,000 annual starts.<sup>33</sup> Councils had to wait until Joseph was installed in the Ministry to get substantial increases, which amounted to around 15,000 more houses per annum than the Treasury was prepared to countenance in 1962, building up to 125,000 approvals for 1964/65.<sup>34</sup>

It was, however, clear throughout these debates that any new council housing drive would be linked both to subsidy reform to concentrate aid on the areas of acute housing need, and to local authority rent reform. The latter consideration was uppermost in Conservative minds. It had been the specific intention of the 1961 Housing Act to force councils to charge economic rents. If authorities did not charge rents equivalent to twice the gross rateable value of their housing stock, they were to be punished by a lower rate of Exchequer subsidy, of £8, compared to the £24 granted to compliant authorities for each new house.<sup>35</sup> By the time the Conservatives left office in 1964, 38.9% of councils ran these schemes, compared to 30% in 1957/58. Nearly two thirds of metropolitan authorities had such policies in operation.<sup>36</sup> The

<sup>33</sup> PRO T 224/381: Vinter to Robertson, 4 December 1961, Phelps note for Brooke, 1 January 1962, Hill-Brooke meeting, minutes, 3 January 1962; PRO PREM 11/4297: Macmillan-Hill-Brooke meeting, minutes, 18 January 1962

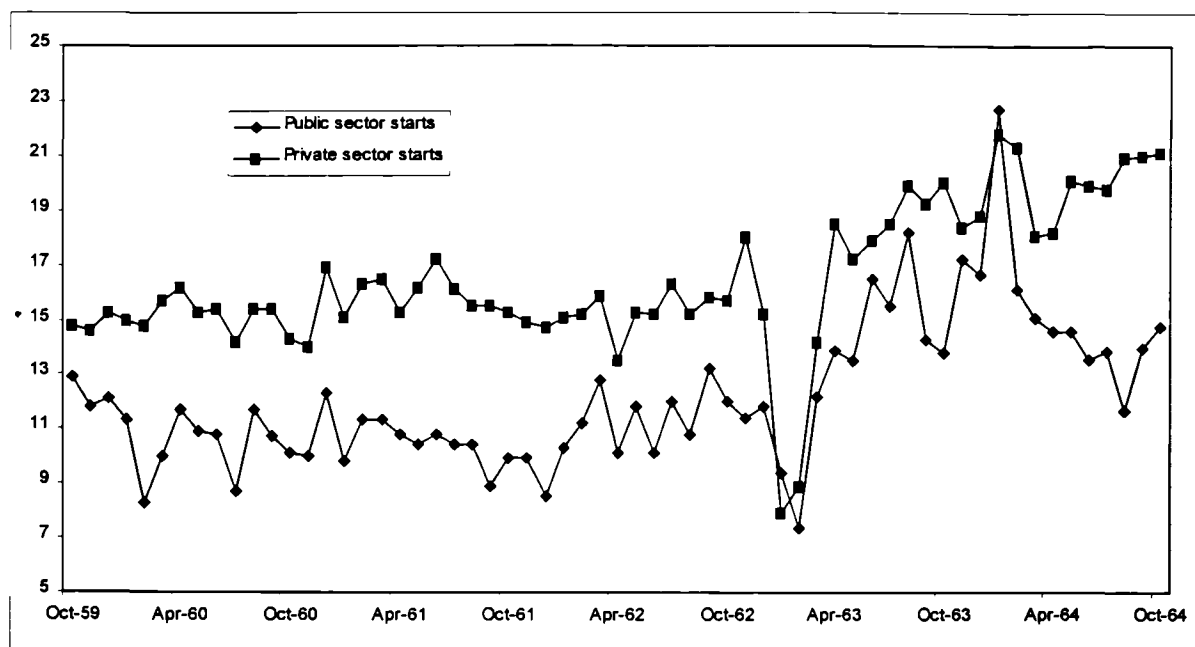
<sup>34</sup> PRO CAB 129/110: Joseph memorandum to Cabinet, 2 October 1962; PRO HLG 117/173: capital investment review paper, April 1963

<sup>35</sup> PRO CAB 129/103: Brooke memorandum to Cabinet, 17 June 1960; PRO CAB 134/2405: Ministry of Housing memorandum to Cabinet Committee on Housing, 27 September 1960

<sup>36</sup> Malpass, *Reshaping*, table 5.4, p. 98; Cmnd. 2050, *Housing* (March 1963), p. 16

result was a relative net shift of resources away from northern industrial cities, which had been using their rate funds to subsidise housing and were now being forced to scale down such policies, and towards rural councils who had not used such subsidies to any great extent.<sup>37</sup>

*Chart V.3. Public and private sector housing starts, GB, 1959-1964 (000s)*



*Sources: Housing and construction statistics, July 1967, April 1968, February 1971, tables 50, 1 & 1*

This was supposed to be balanced by geographical selectivity, which the Treasury also favoured as a means of limiting demands for overall national spending. Hence Evelyn Sharp, Permanent Secretary at MHLG, could only get initial agreement to 5,000 more houses for 1962/63 if she promised to concentrate them in 'black spots' in the north of England, and her attempt to secure 15,000 more houses for the same purpose in 1963/64 was rebuffed.<sup>38</sup> There had been a noticeable change of mood towards council housing: by the end of 1963 planners were budgeting for 135,000 approvals for England and Wales in 1965, and MHLG were pushing for 145,000 by

<sup>37</sup> PRO HLG 118/201: draft memorandum on differential rents, 1 May 1963

<sup>38</sup> PRO T 224/381: Sharp to Padmore, 27 February, 22 March 1962; Padmore to Sharp, 16 March, 6 April 1962;

PRO CAB 134/1689: EPC minutes, 24 January 1962

1967/68.<sup>39</sup> However, the continued emphasis on selectivity meant that public provision was supposed to remain only one element, and not the most important, within housing policy.

The late summer of 1963 witnessed yet another change in emphasis, with the Treasury pressing hard for cuts in the overall MHLG budget, rejecting the possibility of separate long-term programming in housing expenditure, and even questioning the gains the Ministry thought they had already made.<sup>40</sup> Cairncross was most forthright in his assessment, writing that 'the housing programme seems to me to be very largely out of control'.<sup>41</sup> As part of the expected 3% cut in the public investment programme considered during January 1964, a standstill on local authority building was proposed, since it appeared that the private sector could meet the Conservatives' 400,000 target.<sup>42</sup> The only other option considered was to impose cash limits on building already begun.<sup>43</sup> Such a period of restraint was duly imposed during 1964, by a government still uneasy about the expansion of public sector provision, and it remained unclear how the 400,000 target was to be reached.<sup>44</sup>

Some progress had been made in constructing machinery for housing plans, through the inception of a Programme Committee between MHLG and the Treasury. This was based on experience gained in the Roads Programme Committee, which every year examined the progress of the five-year 'roads plan', and agreed the basis on which it was to be rolled forward for another year. Given the large spending increases on roads since the mid-1950s, many of Treasury officials were suspicious of this idea, which originated in MPBW. Clarke overruled these objections, for he saw in

<sup>39</sup> PRO HLG 117/173: Brain to Bretherton, 28 November 1963; PRO T 224/710: Bretherton to Brain, 16 December 1963

<sup>40</sup> PRO HLG 117/173: Rickard to Phillips, 23 August 1963; PRO T 224/713: Treasury draft, report of working party on desirability of long-term planning in housing, 8 August 1963

<sup>41</sup> PRO T 224/711: Treasury note on situation in construction industry, 10 January 1964, Cairncross to Petch, 29 January 1964

<sup>42</sup> PRO T 224/711: Petch to Bretherton, 16 January 1964, Phelps to Bretherton, 22 January 1964

<sup>43</sup> PRO T 224/710: McKean to Petch, 12 December 1963, Bretherton to Brain, 16 December 1963

<sup>44</sup> Garnett & Denham, *Joseph*, p. 129

such committees the germ of a system of relating capital and current expenditure, and giving the Treasury power to look 'inside' departmental decision-making.<sup>45</sup> The Housing Programme Committee, however, only met for the first time on 16 September 1964. And its agenda was limited to drawing up 'a background paper' on 'the present housing position showing past and future trends of supply and demand'. Although work on the costs of different building and housing types was planned, this was for the medium-term, let alone the cost/ benefit analyses that would have to wait until this data had been prepared.<sup>46</sup>

---

<sup>45</sup> PRO T 320/14: Ripon to Boyd-Carpenter, 16 January 1963, Boyd-Carpenter to Ripon, 17 April 1963, Petch to Clarke, 'Machinery for handling public investment problems', 16 January 1963, Clarke to Petch, 17 January 1963, Petch to Clarke, 24 January 1963; PRO HLG 118/267: Treasury meeting with spending departments, minutes, 25 June 1963, Treasury meeting with MHLG, minutes, 23 July 1963

<sup>46</sup> PRO T 277/1346: Housing Programmes Committee, first meeting, minutes, 16 September 1964; PRO T 277/1345: MHLG, SDD memorandum, 'The make up of the housing programme', 29 October 1964, MPBW, 'Statistics on the value of work on housing and of housing starts and completions, 1950-64', 13 October 1964

*'All over expansion': a return to planned development?*

This cautious shift towards public housing was not the only change in emphasis, for it was increasingly obvious that the Town Development Act could not mobilise either the technical staff, nor the political support, to make any large-scale contribution to the de-centralisation of the urban population: by 1960 its effect was limited to a few thousand houses around Swindon and Bletchley.<sup>47</sup> Even by 1968, the number of arrangements made between urban councils and 'reception' authorities had reached 66, with a target of 162,240 houses – although only 56,669 of these had actually been built. The New Towns had built 383,000 houses since 1944.<sup>48</sup> Large conurbations such as Manchester were prevented from moving people out of the city by the surrounding Counties, in this case Cheshire, which had no intention of allowing the city to develop a site at Lymm. Birmingham likewise suffered frustration at the hands of Worcestershire when it proposed to build at Whythall.<sup>49</sup> Eventually Ministry officials lost patience with being blamed when their mediation efforts failed. 'It is said', Hill remarked ruefully, 'that we have done nothing at all for Manchester except shoot down every suggestion the City Council has made'.<sup>50</sup>

Within two years, Joseph was prepared to admit that 'only central government have the resources and the will to carry through major expansions or to open up new sites... we have got to be prepared to start some more New Towns'.<sup>51</sup> The case was so obvious that although Treasury officials thought that 'a good deal of thought needed to be given to the financial implications', they privately 'did not dispute that further New Towns would probably be needed'.<sup>52</sup> By December Joseph was pressing Macmillan for 'authority to start, at once, a new town close to Birmingham, [and] another close to Liverpool (both really "expanded towns" but beyond the capacity of

---

<sup>47</sup> Cullingworth, *Housing*, p. 88

<sup>48</sup> Merlin, *New towns*, pp. 10-11

<sup>49</sup> Cherry, *Town planning*, p. 152

<sup>50</sup> PRO CAB 129/109: Hill memorandum to Cabinet, 23 May 1962

<sup>51</sup> PRO CAB 129/110: Joseph memorandum to Cabinet, 2 October 1962

<sup>52</sup> PRO T 224/701: Treasury official meeting, minutes, 30 August 1962

local government)'. 'Before too long', he wrote, 'I would like to be able to promise a succession of new towns'.<sup>53</sup>

Joseph continued his campaign throughout 1963, pressing for town expansions at Redditch (for Birmingham) and Runcorn (for Liverpool) to be taken over by central government. He also wanted an announcement that the government was looking for a site in south-east Lancashire, to force through the relief of Manchester. The Cabinet agreed, in order to still demands for even more New Towns.<sup>54</sup> Planning was already underway for more public housing to be readied for the second stage: the Ministry upgraded its New Towns targets to 13,600 per year for the later 1960s.<sup>55</sup> Moreover, detailed policy work on where and when to site the new housing was nearly complete. Major extensions to Ipswich, Northampton, Peterborough, Portsmouth, Southampton and Swindon were to be considered: two New Towns built wholly from scratch (Bletchley, later to become Milton Keynes, and Newbury in Berkshire) might take 150,000 people by 1981, and up to 400,000 over the 'very long term'.<sup>56</sup>

Both Hill and Joseph still hoped to foster New Towns in which private owner-occupation was the dominant form of tenure.<sup>57</sup> Furthermore, the proposals contained in the Ministry's *South East study* mainly applied to extending older conurbations faster than local authorities could manage, and building more houses in older New Towns. To that extent their U-turn was less radical than it appeared. Joseph pleaded this case to his own backbenchers:

An all over expansion would be needed if we were going to contain the population growth... and at the same time preserve the green belts and areas of natural scenic beauty. It would be much more economic if we expanded existing towns rather than built entirely new ones... the first generation... [of New Towns were designed] for fixed population levels. This was in a period before the 'population explosion' had taken place... [and now it] was undesirable to

---

<sup>53</sup> PRO PREM 11/4297: Joseph to Macmillan, 10 December 1962

<sup>54</sup> PRO CAB 134/2397: Joseph memorandum to Committee on Population and Employment, 10 January 1963, minutes of meeting, 14 January 1963

<sup>55</sup> PRO HLG 117/173: Ministry of Housing note, 'Housing costs', 15 January 1964

<sup>56</sup> MHLG, *South East study*, pp. 72-4

<sup>57</sup> PRO CAB 134/1980: Home Affairs Cabinet Committee, minutes, 29 July 1960



---

consider building New Towns in the South East whilst existing New Towns could be expanded, or where older towns could be rejuvenated or rebuilt.<sup>58</sup>

Regional plans for housing would take the form of government advance purchases of land required for development, thus providing the framework for rapid *private* house building, which would predominate.<sup>59</sup>

This was a far cry from the land policy some influential Tories were pressing for, and fell a long way short of that considered, and rejected, by the Cabinet in 1963-64. Influential backbenchers such as F.V. Corfield and Sir Colin Thornton-Kemsley pressed throughout the early 1960s for the resumption of taxation on land.<sup>60</sup> Although the 1961 Conservative Policy Committee of which Thornton-Kemsley was the chairman and Corfield was a member stopped short of recommending such a tax, it was clearly split, for instance going beyond the *South East Study* in proposing the development of 'focal points' just beyond the Green Belts of parent cities and recommending strengthened powers for urban councils who wished to decant their population. The Committee also reported the wishes of some of its members, that a government land holding body should be set up to aid urban local authorities with re-development, buying up land and holding it until councils' comprehensive development plans were prepared. The means by which such a body would be funded remained a moot point, since the obvious way was a land tax.<sup>61</sup>

The trouble with such proposals was the protests they would inevitably evoke, not just from *laissez-faire* liberals in the Party, but from County Councillors who resented the interference with 'their' planning procedures. Thus Michael Fraser secretly forwarded the Committee's Report – entitled *Change and challenge* – to Brooke, who was reported to be 'not at all happy with what he read'. A sub-committee of the Party's Advisory Committee on Policy was appointed. Butler brokered a deal between the Policy Committee and ACP, under which the ACP would

---

<sup>58</sup> CPA CRD 2/23/17: Conservative Housing Committee, minutes, 18 March 1963

<sup>59</sup> PRO CAB 129/118: Joseph memorandum to Cabinet, 'The *South East Study*', 14 January 1964

<sup>60</sup> McKay & Cox, *Change*, p. 84

<sup>61</sup> CPA ACP 3/8 (61) 92: town and country planning policy committee, report, 17 October 1961, and interim report, 1 July 1960

put forward amendments. Recognising the pertinence of Butler's injunction that 'your aim is for impact rather than explosion', the Policy Committee eventually accepted 14 drafting changes, which brought local authorities back into their proposed regional planning structure.<sup>62</sup> The suggestions about a land holding authority were not taken up, for at this point Brooke's insistence that 'we have to accept that a firm planning control is bound to result in higher prices for land' was accepted.<sup>63</sup> Re-imposition of land taxes had been rejected.

Part of the resistance came from officials at the Ministry of Housing, where confidence was high that the regional studies would release enough land to ensure a stabilisation in land prices. Joseph argued that 'we have got to get a great deal more land allocated to building... I have attacked this in two ways: breaking the immediate bottle-necks which are holding up the great cities, while we try to clear the way for 20 years ahead by means of the regional plans'.<sup>64</sup> But the problems with the Green Belt remained, as shown by an inconclusive meeting between Joseph and Douglas-Home on 17 December 1963, at which both men weighed the opposite political dangers of building on Green Belt land, or allowing price rises to go on as they were.<sup>65</sup> The Treasury, however, noting the potential for new revenue, the possibility of damping down demand, and a chance to hold back large-scale advance purchases by central government, was exploring the possibility of a new development charge. Joseph and his officials seized upon this possibility as a way out of the impasse. At a meeting with Clarke back in November, Permanent Secretaries had agreed to explore this possibility.<sup>66</sup>

Joseph urged that land taxation was politically necessary, aiding the Government's pay policy by showing that speculators and not just wage-earners were being hit. He also argued that in the present shortage of land and housing (exacerbated by the planning control system) there was no such thing as a 'market price' that

---

<sup>62</sup> J. Ramsden, *The making of Conservative Party policy* (Longman, London, 1980), pp. 217-18

<sup>63</sup> PRO PREM 11/4518: Brooke to Macmillan, 4 July 1960

<sup>64</sup> PRO T 224/711: Joseph to Douglas-Home, 13 January 1964

<sup>65</sup> PRO PREM 11/4518: Douglas-Home, Joseph, Rippon meeting, minutes, 17 December 1963

<sup>66</sup> PRO T 227/987: minutes of meeting, 18 November 1963

should not be disturbed. Other Ministers considered that the £8 million per annum yield of such a development charge at 30% was not worth the political capital they would lose by introducing it. They would simply be seen as opportunists.<sup>67</sup> Joseph was defeated in Cabinet, despite his plea that 'we are letting the Opposition take all the credit for being prepared to do *something* in a matter on which large sections of public opinion feel strongly that something out to be done'. The majority view was that it would be best 'to take their stand on the fact that any tax would be liable to increase the price of land'. This caused Douglas-Home to conclude that the options should be further studied, but that in the forthcoming election they would simply 'retain an open mind'.<sup>68</sup>

---

<sup>67</sup> PRO CAB 130/198: Cabinet Committee minutes, 5 May 1964; Joseph memorandum to Cabinet Committee, 3

June 1964

<sup>68</sup> PRO CAB 129/118: Joseph memorandum to Cabinet, 17 July 1964; PRO CAB 128/38, Cabinet conclusions, 30

July 1964

*'Endless vista': encouraging the private sector*

It was not planning, but rather attempts to revive the private rented sector, that was the Conservatives' main focus. This faced not only the economic hurdles of mortgage income tax relief and local authority subsidies, but also Labour's pledge to re-impose rent control if they regained power. Addressing this would need a cheap, easy to understand and popular new idea. Only this could right the fact 'that the rented housing field had been left to the Socialist threat'.<sup>69</sup> To this end legislation on housing associations, and 'new style' housing societies, was passed in 1961 and 1964.<sup>70</sup> The 1961 proposals were extremely limited in their scope, to test whether there was a market among middle-income households for non-municipal renting closer to market costs. The government would lend up to £25m to existing charitable Housing Associations at the same interest rates as they loaned money to local authorities. They could then see whether cost rents – since they were only aiding the original capital borrowing of Associations, rather than the running costs – were feasible.<sup>71</sup>

It took less than a year for the Ministry of Housing to return to the idea, which the Cabinet considered in revealing terms as 'meet[ing] the needs of this literally middle class' who could not afford to buy, but disdained council housing.<sup>72</sup> This 'alternative to endless municipalisation' would need further measures, Hill and Joseph argued. They included a central agency to co-ordinate the activities of new 'Housing Societies', with fixed rates of interest for guaranteed terms.<sup>73</sup> These proposals were made public in the 1963 White Paper *Housing*. The new Societies would be supported by a government Housing Corporation, with £100m to lend in matching funds that would accompany the £200m pledged by the Building Societies Association. There

---

<sup>69</sup> CPA CRD 2/23/17: Conservative Housing Committee, minutes, 2 July 1963

<sup>70</sup> Burnett, *Housing*, p. 278

<sup>71</sup> PRO CAB 134/2405: MHLG memorandum to Cabinet Committee on Housing, 27 September, 12 November 1960; PRO CAB 129/103: Brooke memorandum to Cabinet, 29 November 1960; PRO CAB 128/34: Cabinet minutes, 8 December 1960; McKay & Cox, *Change*, p. 127

<sup>72</sup> PRO HLG 118/128: draft note to Cabinet, May 1962

<sup>73</sup> PRO PREM 11/4297: Hill to Macmillan, 11 July 1962; PRO CAB 129/110: Joseph memorandum to Cabinet, 2 October 1962

would be a special 40-year period of repayment, to lower the initial interest payments on Societies' debts. The payment would be made by the Housing Corporation to make up the difference between what they could borrow in the market, and the 100% they needed to begin work.<sup>74</sup>

It proved impossible, however, to find an economic formula to which the Treasury and Inland Revenue would agree. Preliminary contacts with the building societies revealed that they were not prepared to sponsor a large-scale Housing Society movement themselves without tax relief on their reserves, which could serve a similar purpose to the tax relief on mortgages to owner-occupiers. They could not otherwise hope even to cover their costs, relative to other property investments. The Treasury, concerned at the 'hidden subsidy', and the Revenue, worried too at the whole new tax concession this would involve, stalled Joseph's attempt to grant tax relief. Housing Associations, as charities, and co-ownership schemes as a form of owner-occupation, could be subsidised: it appeared that Housing Societies could not. 'You cannot want to contemplate an endless vista of extending municipal ownership any more than I', Joseph told Maudling angrily: 'but that is what we do contemplate if we cannot set up an alternative'.<sup>75</sup>

Joseph's prophecy was correct, despite the Housing Corporation's lending powers. This failure to gain tax relief for the Housing Societies, lowering the economic returns to the actual customer far below that of owner-occupation, was to prove fatal to their success. Only 1,600 houses were to be built under the auspices of the 1964 Act. Co-ownership, which lingered on given that it did attract tax relief as a type of owner-occupation, was killed by the house price rises of the early 1970s, which made ownership a much more attractive investment option.<sup>76</sup> Housing Society output fell far short of the 15,000 per annum Joseph hoped to achieve in the first few

<sup>74</sup> Cmnd. 2050, *Housing* (May 1963), pp. 7-8; PRO CAB 129/113: Joseph and Noble memorandum to Cabinet, 10 May 1963; PRO HLG 117/181: Ward to Waddell note, 'Housing Societies', 22 May 1963

<sup>75</sup> PRO T 224/701: Sharp to Clarke, 16 November 1962, Ministry of Housing - Treasury officials meeting, minutes, 23 November 1962, Joseph-Maudling meeting, minutes, 27 February, Joseph to Maudling, 14 February 1963

<sup>76</sup> Holmans, *Housing*, pp. 207-8

years, and failed to play the role he envisaged in securing owner-occupation for half the population.<sup>77</sup> As the number of owner-occupiers continued to grow, reaching half of all British households by 1971, the Housing Association sector remained stagnant, housing just 5% of households in that year.<sup>78</sup>

---

<sup>77</sup> PRO HLG 117/173: Brain to Bretherton, 28 November 1963; CPA CRD 2/23/17: Conservative Housing Committee, minutes, 2 July 1963

<sup>78</sup> A. Murie, P. Niner & C. Watson, *Housing policy and the housing system* (Allen & Unwin, London, 1976), p. 4

*'Improved methods': the turn to efficiency, 1963-64.*

With no powers to restrain non-housing construction, Joseph had to search elsewhere to gain intellectual absolution for his ambitious plans. He eventually turned to the idea of efficiency: 'We are going to need greatly to increase productivity to achieve the 400,000 housing programme', he wrote to Douglas-Home early in 1964.<sup>79</sup> Overloading therefore explains one more feature of the Conservative U-turn, their enthusiasm for industrialised building techniques. These methods saved on the commodity in shortest supply, namely skilled building labour.<sup>80</sup> They were therefore the only way that Ministers could see their ambitious building projects coming off – though since the Ministry of Works admitted that it might be two to three years until they could make a large impact, there was an element of wishful thinking about this.<sup>81</sup> Even by the time Labour took power, official briefs starkly concluded that 'industrialised methods of building may help in the longer run: but so far their contribution has been small, and expensive'.<sup>82</sup>

In the medium-term, however, such methods did hold out some economic promise, especially when linked to a boom in high building that had been set off by changes to the local authority housing subsidy system in 1956. Given their antipathy to decanting the population into New Towns, the Government decided to pay more subsidies per storey built: a decision that was to have momentous consequences (see below, *tables V.3-V.4*).<sup>83</sup> The growth of high-rise was inextricably linked to the new methods. Off-site prefabrication and factory assembly meant that much craft labour on site could be dispensed with.<sup>84</sup> The cost benefits achieved by using industrialised building methods in tall flats were indeed large compared to what it would have cost to build such flats using traditional methods. Hence the hopes that had circulated in the Treasury, that 'the relative costs in this field might very well be substantially

<sup>79</sup> PRO T 224/711: Joseph to Douglas-Home, 13 January 1964

<sup>80</sup> PRO CAB 134/1689: Cabinet EPC, minutes, 1 March, 21 June, 2 August 1961

<sup>81</sup> PRO T 224/711: Treasury/ MHLG/ MPBW officials' meeting, minutes, 1 February 1964

<sup>82</sup> PRO T 224/720: Treasury brief, 'Housing', 12 October 1964

<sup>83</sup> Dunleavy, *The politics of mass housing in Britain* (Clarendon Press, Oxford, 1981), pp. 90-1

<sup>84</sup> Holmans, *Housing*, pp. 116-7

changed by further technical progress'.<sup>85</sup> The Ministry of Works, which existed to promote efficiency in both the public and private sector, had secured the creation of a National Building Agency to foster this process. It was hoped that this would lower prices through larger orders, longer runs and more standardisation. This semi-autonomous body would undertake research, and take commissions on design and planning.<sup>86</sup>

The 1963 Housing White Paper represented a triumph for the proponents of industrialised building. The public building programme was explicitly linked to more system building; a Research and Development Director was to be appointed in the Ministry of Works; the government was to develop its own proprietary systems. Local government, often organised in units too small to have a full-time planning staff, could now consult the National Building Agency.<sup>87</sup> This triumph was at least partly due to a concerted propaganda campaign by the larger building companies. 1962 alone had seen Concrete Ltd, Taylor Woodrow and John Laing announce new, or adapted foreign, industrialised building systems.<sup>88</sup> Received wisdom had it that small, overly-competitive units could never achieve the productivity gains that the industry was achieving in Scandinavia and America. The Banwell Committee on civil contracting, which reported in 1964, recommended that selective tendering, with only three or four companies competing, should be introduced into the public sector. The emphasis, as ever, was on serial contracting cementing close relations with a few firms.<sup>89</sup>

<sup>85</sup> PRO T 224/381: Mithchell memorandum, circulated to Vinter, Robertson, Phelps, Carswell, 2 December 1961

<sup>86</sup> Cmnd. 2228, *National building agency* (December 1963); PRO CAB 134/1705: MPBW memorandum to EPC sub-committee on building, and minutes of sub-committee meeting, 4 February 1963

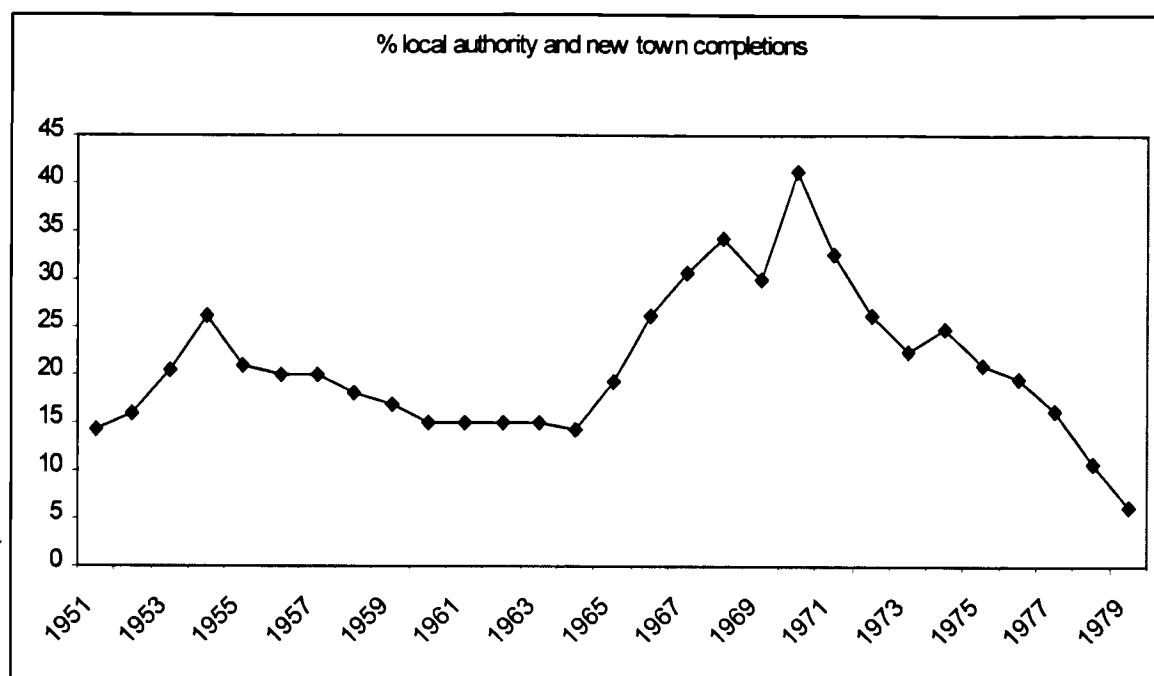
<sup>87</sup> Cmnd. 2050, *Housing* (March 1963), pp. 4-5

<sup>88</sup> Dunleavy, *Politics*, p. 116; B. Finnimore, *Houses from the factory: system building and the welfare state 1942-74* (Rivers Oram, London, 1989), pp. 91-2

<sup>89</sup> *ibid*, pp. 23, 25



Chart V.4. Industrial building's share in public authority completions, GB, 1951-79



Source: Finnimore, *Factory*, p. 262

The granting of a Cabinet seat to the Ministry of Public Building and Works under Geoffrey Rippon in 1962, supposedly to promote these efficiency gains, was a sign of political support for industrialised building. Douglas-Home, for instance, was 'greatly impressed with... the new capital intensive building techniques'.<sup>90</sup> This worked itself out in other ways. The Ministry of Housing was keen on the type of consortia that had facilitated large-scale school building, and saw encouraging such co-operation as complimentary to Ministry of Works co-ordination inside the industry itself.<sup>91</sup> Hill 'hoped that a more vigorous slum clearance drive would enable him to get consortia of local authorities which... would result in improved building methods'.<sup>92</sup> Joseph's inauguration of a Manchester Office for the Ministry was designed just as much to foster consortia as slum clearance.<sup>93</sup> The encouragement had its effects. Although only 70 out of 504 local authorities had joined such groups by

<sup>90</sup> PRO PREM 11/4518: Douglas-Home, Joseph, Rippon meeting, minutes, 17 December 1963

<sup>91</sup> PRO CAB 134/1705: MPBW memorandum to EPC building sub-committee, 30 January 1963

<sup>92</sup> CPA CRD 2/23/16: Conservative Housing Committee, minutes, 15 May 1962

<sup>93</sup> Cmnd. 2050, *Housing* (March 1963), p. 11; English, Madigan & Norman, *Slum clearance*, p. 30

July 1964, most of the large conurbations were members.<sup>94</sup> These innovations would facilitate a systems building boom which only began to abate in the early 1970s (see *chart V.4*).

The analytical basis for the boom seems to be highly questionable. There was just a possibility that the extra construction work associated with the housing drive could be borne if new techniques did succeed in raising this 5% rate of annual productivity gains since 1945. However, as the Cabinet Committee on this noted, such complacency would be 'unwise': those rises had only been reflecting a recovery from a very low post-war base.<sup>95</sup> Moreover, some research suggested that the situation was in fact deteriorating.<sup>96</sup> Productivity gains during 1962 had been small or non-existent; the Ministry of Labour estimated that there was a shortage of skilled workers throughout the industry, and that the take-up of apprenticeships was 'unlikely to do more than offset the existing underlying shortage of labour'.<sup>97</sup>

The Conservatives had partly reversed their liberalising policies of the 1950s. But there had been very little choice but to change course. The private rented sector, and voluntary planning, simply could not survive the prevailing economic and political conditions. In that situation Conservatives had to find new ways to rescue the selectivity of welfare payments and the primacy of owner-occupation. There remained a Conservative agenda quite different from Labour's, for instance in the encouragement of housing societies. Joseph's land programme was an exercise in speeding up the release of more land, predominantly for new private-sector building. Land taxes and building controls were rejected. The public sector programme grew, but this has to be put in context. More council house building followed years of cuts in the programme, was concentrated in areas of acute need, linked to subsidy reform, and by 1964 was being reversed.

---

<sup>94</sup> Finnimore, *Factory*, pp. 144-6; Dunleavy, *Politics*, pp. 117-8

<sup>95</sup> PRO CAB 134/1704: Report on construction industry lead to EPC Building Sub-Committee, 30 November 1962

<sup>96</sup> PRO T 224/713: Rippon to Boyd-Carpenter, 16 January 1963, and long-term programming group, minutes, 17 December 1963

<sup>97</sup> PRO CAB 134/1705: MOL memorandum to EPC Sub-Committee on Building, 3 May 1963; EPC Sub-Committee on Building, minutes, 8 May 1963

*'The idea of a common purpose': Labour's housing plan, 1964-70*

Some of Labour's most radical commitments were in the field of housing and land. Labour's manifesto pledged to 'end the competitive scramble for building land' by setting up 'a Land Commission to buy, for the community, land on which building or rebuilding is to take place'. 'A policy of lower interest rates for housing' was promised, 100% mortgages for prospective owner-occupiers administered through local councils. The Rent Act was to be replaced with 'fair rents' arbitration, and a new slum clearance programme begun.<sup>98</sup> Some of these policies fell by the wayside: but there remains no doubt that Labour continued to believe in them, and that the package was very different from those which would have emerged from a Douglas-Home administration.

Wilson reserved his strongest reforming passion for housing. This was a centrepiece of Wilson's popularity during his electoral honeymoon of 1963-64, addressing 'ordinary families' problems'.<sup>99</sup> Wilson's mix of genuine idealism and sense of political advantage were most evident in housing policy:

I am anxious to avoid the impression that all our measures - essential though they are to protect the £ - add up to a pretty dismal and gloomy set of squeezes... There would be a very big difference all round if there were one big growth sector of a popular and heart-warming character, and from every point of view - not least our pre-Election emphasis - this would seem to be housing. Moreover, I think this would have an enlivening effect on industrial morale and productivity. Just as in the War the idea of a common purpose... had a dynamizing effect, so possibly the launching of a great housing plan could have a similar effect today. We could then present a real sense of housing purpose, including the 500,000 target (if possible), a big increase in houses built to let, immediate help for owner-occupiers... [and] an attack on Rachmanism and landlordism.<sup>100</sup>

Such enthusiasm was behind Labour's 1965 housing plan, which attempted to fix three-year programmes building up to 500,000 houses per annum in 1970, though focussing first on the large conurbations in greatest need, and choosing a further 300 in acute need during 1966.<sup>101</sup>

<sup>98</sup> *Let's go with Labour*: Craig, *Election manifestos*, pp. 52-3

<sup>99</sup> Harold Wilson PPB, 8 May 1963: Wilson, *Purpose*, p. 249

<sup>100</sup> PRO PREM 13/374: Wilson to Brown, Callaghan, Ross, 8 June 1965

<sup>101</sup> Cmnd 3282, *MHLG report for 1965 and 1966* (May 1967), p. 62

Some policies were carried over from the previous administration. The first was the promotion of industrial building methods. This zeal had a different source from Conservative enthusiasm, namely the need to convince the Treasury that more council starts could be afforded at lower costs: but the effect was the same.<sup>102</sup> Consortia continued to be encouraged, seeking to foster 'efficiency' throughout the building industry. The rise of selective contracting and systems building thus continued, as it held out the promise of greater efficiency gains on larger orders. For instance, the North Tyne Development Group, under the guidance of the Ministry's regional office, considered only seven industrial building schemes when the councils involved began their systems building drive in 1965.<sup>103</sup>

Following the publication of their 1965 White Paper, MHLG circulated local authorities with advice and guidelines on how they should increase their systems building. This included the usual advice on maintaining a constant flow of orders, keeping the number of systems under review to a bare minimum, and concentrating only on those large sites where factory methods would have most success. The White Paper itself contained exactly the same urgings.<sup>104</sup> This drive had the Prime Minister's support: for instance, the autumn of 1966 saw him institute a review of whether 'we are still making adequate use of industrialised housing'. He had seen school and house-building going on at a rapid pace on his regular Scilly Isles holiday: on his return he wanted to encourage the technique's use on the mainland.<sup>105</sup> The continued increase in systems building, which lasted through to its peak in 1969, was partly a result of such enthusiasm (see *chart V.4*).

Labour were as keen as were Conservatives to encourage Housing Societies and Housing Associations. Crossman resumed the Ministry of Housing's attempt to

---

<sup>102</sup> PRO CAB 128/39: Cabinet minutes, 10 January 1965; PRO CAB 129/120: Crossman, Ross memoranda to Cabinet, 'Housing programme', 'Housing programme – Scotland', 22, 23 February 1965; PRO CAB 128/39: Cabinet minutes, 25 February 1965

<sup>103</sup> PRO HLG 118/302: North Tyne Housing Consortium working party, minutes, 17 February 1965

<sup>104</sup> Circular 76/65, November 1965: Finnimore, *Factory*, p. 102, Dunleavy, *Politics*, pp. 118-9; Cmnd. 2838, *The housing programme 1965 to 1970* (November 1965), pp. 9, 14

<sup>105</sup> PRO PREM 13/963: Wilson to Greenwood, Stewart, 7 September 1966

secure tax relief for the new-style cost-rent organisations. Officials were under no illusions as to the difficulties they faced in securing tax relief for those groups that were not either co-ownership societies, or charities.<sup>106</sup> Not only the Treasury, but the Inland Revenue remained against the idea. They saw no legislative means to give effect to tax relief, without also giving up on income and profits tax for those involved: thus they 'remain[ed] opposed to any suggestion that there should be some special tax concession'.<sup>107</sup> Crossman did manage to extract a promise to reimburse tax paid to the cost-rent Housing Societies, at the cost of promising to pay that amount out of his own budget.<sup>108</sup> The fact that no such concession actually did emerge was due to the ongoing economic crisis, and need for retrenchment, rather than neglect.

Rent rebates were another policy that continued beyond 1964. This was a departure for Labour, which had resisted them throughout the 1950s as a throw-back to the days of the means test. They had hoped to use them as a simple stop-gap until they could set up a comprehensive minimum income guarantee: as their social spending targets fell, this became a distant dream.<sup>109</sup> They were left with little alternative but to encourage rent rebates, as a way of subsidising poorer local authority tenants. The 1965 Housing White Paper included an explicit commitment to consult local authorities on the best means of progress, and also contained an implicit threat. 'In considering what subsidy is required', the wording in the document ran, 'the Government must assume that local authorities will charge rents properly related on the one hand to the cost of housing, on the other to the ability of tenants to pay'.<sup>110</sup> At a meeting with the Ministry in late November 1966, councils accepted that although there would be no imposition of one scheme, model principles should be laid down.<sup>111</sup> A circular was issued in June 1967, containing such technical detail on rent rebates that councils could be in no doubt what was expected of them. Another round

<sup>106</sup> PRO HLG 117/195: Brain to Waddell, Sharp to Crossman, 6 November, 1 December 1964

<sup>107</sup> PRO HLG 117/195: Willis to Waddell, 4 February 1965

<sup>108</sup> PRO HLG 117/195: Gilmore to Brain, 1 April 1965

<sup>109</sup> PRO PREM 13/375: note for Wilson, 'Public expenditure settlement', 28 July 1965

<sup>110</sup> Cmnd. 2838, *Housing programme* (November 1965), p. 16

<sup>111</sup> PRO HLG 118/376: Beddoe to Mellish, 26 October 1966, circular to local authority associations, 3 November 1966, Ministry meeting with GLC and local government associations, 30 November 1966

of rebate take-ups followed.<sup>112</sup> Labour's P&I policies, by limiting the amounts councils could raise rents, inadvertently encouraged councils to subsidise general rents from general rates funds, further reversing the emphasis of the Conservative years.<sup>113</sup>

---

<sup>112</sup> Malpass, *Reshaping*, p. 106

<sup>113</sup> PRO CAB 130/371: Stewart memorandum to MISC 193, Prices and incomes, 'Rents', 16 February 1968, MISC 193, Prices and incomes, minutes, 19 February 1968

*Radical measures: cheap mortgages, land reforms and rent control.*

Officials were initially sceptical about Labour's plans for 'cheap money' for owner-occupiers, fearing that the precedent would lead to calls for subsidising borrowing by schools and hospitals. They advised that the Labour proposal for provision of 100% mortgages was untenable. The maximum that was thought possible was to give building societies enough funds to hold mortgage rates at around 1½ percentage points below the market rate of interest. This was indeed the initial scheme that emerged from consultations with MHLG, along with promises to subsidise the shortfall between what building societies would offer prospective borrowers, and 100% of the capital of a house. Robert Neild noted grudgingly that this was 'necessary in order to fulfil the election pledge and was not being pursued on its merits'.<sup>114</sup> Crossman was not fond of this idea, wanting more public housing instead and angry that the Cabinet was so 'scared of public opinion'.<sup>115</sup> But the manifesto promise made it imperative that some scheme should emerge.

Various mechanisms were eventually considered, including the 'slice' scheme where only part of a mortgage would be subsidised. This idea had the advantage of limiting government's liability to 30% (later the more restrictive cash limit of £1,000) of new mortgages, and thus holding down the cost.<sup>116</sup> However, a simpler and cheaper scheme won the day, despite reservations about the whole validity of mortgage income tax relief: officials advised subsidising all those who earned less than the minimum tax threshold, on the mathematical assumption that they did in fact pay tax.<sup>117</sup> Borrowers retained the 'option' to keep their existing mortgage tax relief, much to MHLG's distaste, since a large number of lending institutions would be necessary to make the new subsidy apply to all mortgages. It was thought that it would be

<sup>114</sup> PRO T 224/720: Treasury meeting, minutes, 21 January, Neild to Armstrong, 3 March 1965

<sup>115</sup> RCD, July 17 1965: R. Crossman, *The diaries of a Cabinet Minister, vol. 1: Minister of Housing, 1964-1966* (Hamish Hamilton, London, 1975), p. 277

<sup>116</sup> PRO CAB 130/230: Callaghan memorandum, to MISC 60, Housing subsidies, 26 May 1965; PRO T 224/721: Couzens to Brain, 2 June 1965

<sup>117</sup> PRO T 224/721: Stubbs memorandum, 'Assistance for mortgagers by means of tax relief', 14 June 1965, Crossman, Diamond meeting with BSA, minutes, 18 June 1965

impossible in that situation to limit the concession purely to mortgages for house buying: the scheme was therefore limited to the building societies.<sup>118</sup> The net result of all this was to give a redistributive character to the new mortgage subsidy. It extended mortgage tax relief, in another guise, to those on low incomes who would not otherwise have been able to afford owner-occupancy.

*Table V.1. Mortgage tax relief and option subsidy, GB, 1968-79 (£m, current prices)*

	<i>(a) Tax relief</i>	<i>(b) Option subsidy</i>	<i>(b) as % of (a)</i>
1968/69	195	5	2.6
1969/70	235	10	4.3
1970/71	285	15	5.3
1971/72	310	20	6.5
1972/73	365	30	8.2
1973/74	510	50	9.8
1974/75	695	75	10.8
1975/76	865	105	12.1
1976/77	1090	140	12.8
1977/78	1040	150	14.4
1978/79	1110	140	12.6

*Source:* Holmans, *Housing*, table VI.16, p. 277

‘Option mortgages’ were a casualty of the economic measures of July 1965, but was revived in January 1966, as a contribution to ‘selective reflation’, and although Cabinet postponed the introduction of option mortgages in November 1966, from October 1967 to April 1968, the scheme did then go ahead.<sup>119</sup> The initial evidence – during the four months in late 1967 when people were given a time-limited period to choose whether to stay with tax relief, rather than ‘opt’ - was that about 5 per cent of existing borrowers took up the subsidy option, and about 10 per cent of new buyers.<sup>120</sup> The subsidy was to exercise a small but growing influence in the 1970s (see *table V.1*).<sup>121</sup>

One of the great betrayals Labour has been excoriated for is the Land Commission. The promised development levy came out at 40%, rather than the 70%

<sup>118</sup> PRO T 224/721: Brain to Bretherton, 9 July 1965, Bretherton to Brain, 12 July 1965

<sup>119</sup> PRO CAB 128/41: Cabinet minutes, 15 November 1966

<sup>120</sup> PRO CAB 151/120: MHLG notes for Shore, October 1968; PRO PREM 13/2156: Girling to Andrews, 5 January 1968

<sup>121</sup> Daunton, *Democracy*, p. 80



desired by the Ministry of Land; Land Commission powers were limited to large developments, and the assembly of land for private developers; small landowners were exempted from the levy. Various commentators have therefore argued that the Commission was 'really only a partial affair, for in essence a fully effective Commission would be empowered to exercise rights of purchase in respect of land over a certain size for which planning permission was being sought'.<sup>122</sup> A 'second appointed day', on which the levy would be increased to 50% and the Commission would take planning and compulsory purchase powers on the lines of those held by local authorities, never materialised.<sup>123</sup>

Organisational failure reinforced the impression of failure. The Land Commission was supposed to be the central responsibility of a new Ministry of Land and Natural Resources, which would deal with all aspects of physical planning. But in a set-piece Whitehall battle, the Ministry of Housing prevented this usurpation of its planning functions, much to the annoyance of Wilson himself. On this occasion Evelyn Sharp used all her connections and experience to thwart the emasculation of her fiefdom. 'I always win', she told Crossman: 'but it was exhausting'.<sup>124</sup> By the middle of 1965 Sharp, Helsby and Crossman had managed to out-manoeuvre the Minister of Land, Fred Willey, and agreed on the break-up of the infant Ministry.<sup>125</sup>

However, Labour's critics have given insufficient weight to the administrative and political problems inherent in the venture. The 'global' solution, vesting overriding planning functions with the Land Commission, was indeed considered. But the danger that land would not be given up for years, while the Commission assembled the necessary expertise in valuation, mapping and procedure, was considered too great. Ministers were faced with other unpleasant facts that they had not thought of in Opposition. If they were to give money from betterment levy to local

<sup>122</sup> J. Ratcliffe, *Land policy: an exploration of the nature of land in society* (Hutchinson, London, 1976), p. 51;

Cherry, *Town planning*, p. 150; Ponting, *Breach*, pp. 128-9

<sup>123</sup> Cullingworth & Nadin, *Planning*, pp. 141-2

<sup>124</sup> RCD, 22 October 1964: Crossman, *Diaries* (1991 1 vol. edn.), p. 8; Cox, *Adversary politics and land: the conflict over land and property in post-war Britain* (CUP, Cambridge, 1984), pp. 129-30

<sup>125</sup> C. Ponting, *Breach of promise: Labour in power 1964-70* (Hamish Hamilton, London, 1989), p. 128

authorities or private sector developers in order to lower the price of houses, they would run two risks. The first was that richer local authorities might press to recover the betterment paid in their areas – the recurrent dilemma of hypothecation. The second was that there was nothing to stop owner-occupiers aided in this way simply realising the capital gain the Government had provided them with. At the back of their minds was the memory of the two-price system the 1956 Town and Country Planning Act had inadvertently created, with ‘official’ and ‘market’ prices in simultaneous use. Wilson resented the necessity of retreating from his 1964 pledges. But he had no choice.<sup>126</sup>

The search began for a face-saving solution, which ‘might go some way politically to satisfy our pledges while at the same time... also be workable’. This was the origin of the ‘second appointed day’, a device which served to placate MHLG (still watchful of its planning responsibilities) and negotiate the difficult first phase of Land Commission operation, when it simply would not have the resources to plan for all land use.<sup>127</sup> This was the package eventually accepted by Cabinet, subject to the political presentation of a new type of tenure – ‘Crownhold’ – to maintain some promise of lower house prices through the Land Commission.<sup>128</sup> Once again, Wilson was deeply unhappy with this conclusion: Crossman feared that Willey had ‘made Harold believe I was in the pocket of the Dame [Sharp] and battling for reaction against their honest-to-God Socialism’. Crossman, who had successfully (for now) defended Housing’s planning functions, believed Wilson to be an ‘extremist’ on this question.<sup>129</sup>

The actual operation of the Commission grants some validity to this interpretation. It did, indeed, take years to assemble, but it was just beginning to find its feet when the Labour Government fell in 1970, a year in which it bought up nearly

---

<sup>126</sup> PRO CAB 130/224: MISC 113 minutes, 28 January 1965; PRO PREM 13/423: Trend to Wilson, 28 January 1965

<sup>127</sup> PRO PREM 13/423: Balogh to Wilson, 9 February, 11 February 1965

<sup>128</sup> PRO CAB 129/120: Bowden memorandum to Cabinet, 25 February 1965; PRO CAB 128/39: Cabinet minutes, 2 March 1965

<sup>129</sup> RCD, 2 March 1965: *Diary* (1975 edn.), p. 175

ten thousand acres of land.<sup>130</sup> The Commission battled continuously with local authorities, overriding their planning ideas by forcing them to give up land for development; its influence on the Ministry of Housing was vital in this respect. The Ministry's 1967 instructions, to give up more land for building, were prompted by Land Commission arguments.<sup>131</sup> The unfavourable terms for landowners were clear in the economic effects of the levy, which in conditions of scarcity served only to raise the price. With every expectation of the return to power of a Conservative Party openly hostile to the whole idea of land taxation, withholding land from the market became widespread. This was in fact the main effect of the 1967 Land Commission Act. The £45 million yearly income of the Commission in its early years was not large enough in a land market with a £1.2bn annual turnover to act as more than an irritant to developers and the profits they expected from their investment.<sup>132</sup>

There were other radical innovations. The Rent Act of 1965 represented the centrepiece of Labour's effort on privately rented housing. It provided for a form of re-control related to the income of the tenants, and judged in each case by Local Authority Rent Officers. The Rent Officers would hear appeals from either landlord or tenant before fixing the rent; during this process, there was to be security from eviction. This constituted an attempt to meet Labour's commitment to re-control, without fixing a controlled rent that could not thereafter be changed.<sup>133</sup> In the first month of office the Cabinet decided to introduce a Security from Eviction Bill. This prevented landlords evicting tenants in property of less than £400 rateable value, pending the introduction of a full-scale Rent Bill.<sup>134</sup> They then searched for a system that would be 'fair, flexible and able to endure... depend[ing] on current arbitration and not on values fixed in the past on what may then have been old and inadequate advice'.<sup>135</sup>

<sup>130</sup> Cox, *Adversary politics*, table 6.4, p. 149

<sup>131</sup> *ibid.*, pp. 144-5, 149

<sup>132</sup> Hall *et al.*, *Containment*, II, pp. 240, 243

<sup>133</sup> Malpass, *Reshaping*, p. 103; Berry, *Housing*, p. 123; McKay & Cox, *Change*, p. 131

<sup>134</sup> PRO CAB 130/211: MISC 9, Rent Bill Cabinet Committee, minutes, 29 October 1964

<sup>135</sup> PRO PREM 13/378: Trend to Wilson, 17 December 1964

The decline of the privately rented market had not been reversed by the 1957 Rent Act. At the time of that Act, there had been 5¼ million dwellings for private rent: by 1964 there were only 3½ million.<sup>136</sup> It was the intention of the Government to revive it, while at the same time avoiding the iniquities that the Milner Holland Report revealed when the Committee reported in March 1965. This Report tackled head on 'growing concern about reports of unfair pressures on tenants by landlords, the effects of creeping decontrol and extortionate rents'. Rehabilitation of slums, and decontrol, coupled with high land and house prices, were all increasing homelessness through raising rents. Given the tax disadvantages of private landlords, the pressure of demand given the increasing population of the London area, and the continuing net deficiency of dwellings for the number of households, Milner Holland held out little hope of change without legislation.<sup>137</sup> The fact that Labour introduced rent regulations, however flexible, rather than fiscal aid for the private sector, was a token of ideological commitment.

---

<sup>136</sup> PRO CAB 130/227: MISC 44, Housing programme, Cabinet Committee, minutes, 16 March 1965

<sup>137</sup> Cmnd. 2605, *Report of the committee on housing in Greater London* (March 1965), pp. 22, 56, 67-8

*The balance of building, 1964-70*

Labour had not set out to constrain the private sector. Their original intention was to reach agreement with the building societies on a physical plan, by which they could control the actual number of houses built, through managing mortgage demand. Ministers initially offered talks on relief from profit tax, in return for discussions relating to cheap money for mortgages, which would have to be an integral part of guiding building society mortgage rate decisions.<sup>138</sup> Crossman saw the idea as a way of avoiding building licenses, and began negotiations with the Societies. He subsequently used the possibility of a 'national building plan' to wind up the April 1965 censure debate in the House of Commons, and put some flesh on the bones of the Government's programme.<sup>139</sup> He then obtained permission to proceed with negotiations, since the Building Societies had given an encouragingly positive response to the Ministry's plea that 'they should voluntarily regulate the amount of capital they make available for the purchase of new houses to match a level of building for sale settled under the plan'. Wilson's active support was again crucial in achieving this outcome.<sup>140</sup>

Building Society leaders welcomed the idea – which was not surprising, since Crossman was offering them a guarantee of the 1965 level of private sector housing starts as a minimum starting point for negotiations.<sup>141</sup> Unfortunately for him, the full Council of the Building Societies Association was not so impressed with his plan when they assembled in August. The Council rejected the scheme, arguing that other institutions would simply offer market rates if they voluntarily constrained their lending. In the background was their fear of being co-opted by government. Lord

<sup>138</sup> RCD, 30 October 1964: *Diary* (1975 edn.), pp. 38-9; PRO HLG 117/195: Sharp to Brain, 12 December 1964;

PRO T 224/720: Corlett to Gilmore, 23 December 1964

<sup>139</sup> PRO T 224/721: Crossman, Diamond, Mellish meeting with BSA, minutes, 28 April 1965; RCD, *Diary* (1991 edn.), pp. 99-100; RCD, 29 April 1965

<sup>140</sup> PRO PREM 13/374: Ministry of Housing brief, 'Local authority associations', 3 June 1965; PRO T 224/721: Crossman to Diamond, 4 June 1965

<sup>141</sup> PRO T 224/721: Diamond, Crossman meeting with BSE, minutes, 17 June 1965; RCD, 17 June 1965: *Diary* (1975 edn.), pp. 252-3

Cohen, Chairman of the Alliance Building Society, admitted that ‘the large Societies were very nervous that this might be a first step towards a greater Government control of Building Societies and they shied away from it like a frightened horse’.<sup>142</sup> Crossman realised that this was indeed ‘the worst blow I ha[ve] received since becoming Minister’, though significantly he drew the comfort that now he was at least ‘absolutely free to think out my own methods of fulfilling our pledge to build half a million houses’.<sup>143</sup> Crossman was forced to tell Wilson that ‘it is now clear that... we shall not be able to rely on co-operation in controlling the volume of private house building’.<sup>144</sup>

In this situation what consultation there was with Building Societies and builders was to relapse throughout the life of the Government into the mere exchange of information and platitudes. Even though a Working Party was formed to look into the possibility of co-operation, the Building Societies wanted to know beforehand that they would retain the power to set their own interest rates, and that the public sector programme was not considered ‘sacrosanct’. They also wanted to know whether Prices and Incomes policy was going to be extended to their operations. In subsequent meetings they offered ‘the good sense of societies’ as a guarantee on mortgages, a promise which officials well knew was worth nothing in practice. They also insisted on including the National Federation of Building Trade Employers, notoriously unsympathetic to government interference, in negotiations. As soon as negotiations began with the NFBTE present, companies such as Laing’s, Costain and Wimpey began to insist on much larger shares of total resources for the private sector than the Government was willing to allow: the atmosphere soured.<sup>145</sup> Any thoughts of ‘floors’ and ‘ceilings’ for mortgage lending evaporated, and one of the main physical planning devices the Government thought it might rely on simply fell away.

<sup>142</sup> PRO HLG 118/595: Cohen to Crossman, 7 September 1965

<sup>143</sup> PRO HLG 118/595: Pitt, Deputy Secretary, Building Societies Association, to Sharp, 16 August 1965; RCD, 22 August 1965: *Diary* (1975 edn.), p. 313

<sup>144</sup> PRO PREM 13/960: Crossman to Wilson, 24 August 1965

<sup>145</sup> PRO HLG 118/595: Crossman meeting with BSA, minutes, meeting of Ministry of Housing and BSA officials, minutes, 14, 29 September 1965, meetings with BSA and NFBTE, minutes, 27 October, 11 November 1965

Twin Working Parties, one on land and the other on housing starts, were indeed to do useful work, especially on improving the quality of statistical information.<sup>146</sup> But by 1967 these committees were simply another conduit for economic special pleading. The Building Societies and builders were by now feeling higher interest rates in lower levels of housing starts and mortgage borrowing. They therefore used the Working Parties to call for government-backed bridging finance, loan credits on the lines of those provided to exporters, and the resurrection of the Conservative £100m mortgages advance fund of 1959.<sup>147</sup> Apart from a minor easing of credit terms, Callaghan turned all this down.<sup>148</sup> The committees now lapsed into a familiar round of bargaining for concessions, for example the NFBTE's demand that local authority building for sale be curtailed.<sup>149</sup> Labour's planning machinery fell short of their wishes because of the very lack of economic consensus between government and the industries concerned.

Given these limits on private sector planning, the Government's targets could only be met through an enlarged public sector. This sector nearly met its 1965 National Plan targets, while private housing starts fell away. Initial planning was for many more public housing starts – certainly to 160,000 starts in England and Wales by 1968, and building up to give 220-230,000 starts by 1969/70 in the United Kingdom.<sup>150</sup> The first set of public housing demands were put to the Cabinet in January 1965, amounting to a rise of 12,000 in the public sector building programme in England and Wales, to take the whole programme of starts approved from 144,000 in 1964, to 156,000 in 1965. Needless to say, the Treasury resisted this proposal as a commitment to spend most of the public sector expenditure reserve.<sup>151</sup>

---

<sup>146</sup> PRO CAB 130/286: Crossman memorandum to MISC 113, 21 June 1966

<sup>147</sup> PRO HLG 118/797: BSA, NFBTE memorandum to Ministry of Housing, Programme Working Party, 18 January 1967

<sup>148</sup> PRO CAB 130/306: Greenwood memorandum to MISC 113, 18 January, MISC 113 Housing Committee, minutes, 20 January 1967

<sup>149</sup> PRO HLG 118/797: NFBTE memorandum to Programme Working Party, 28 July 1967

<sup>150</sup> PRO HLG 117/173: Rickard to Ward, 16 November 1964

<sup>151</sup> PRO PREM 13/374: Trend to Wilson, 10 February 1965; PRO CAB 128/39: Cabinet minutes, 11 February 1965

Crossman got his way, convincing the Cabinet that reserves of skilled labour would not be used up too quickly given the scope for industrialised building techniques.<sup>152</sup> By now MHLG had settled on a mechanism to deliver Labour's election promise of cheap money for housing – a new subsidy for local authorities, to hold their borrowing rates at 4% whatever happened to market rates. This would serve effectively to double Exchequer subsidy to councils at prevailing rates of interest, and as such enormously increase the pressure on the Ministry for more approvals (see *chart V.7*).<sup>153</sup> Cairncross noted how local authority applications jumped when the new subsidy arrangements were announced in November 1966.<sup>154</sup>

---

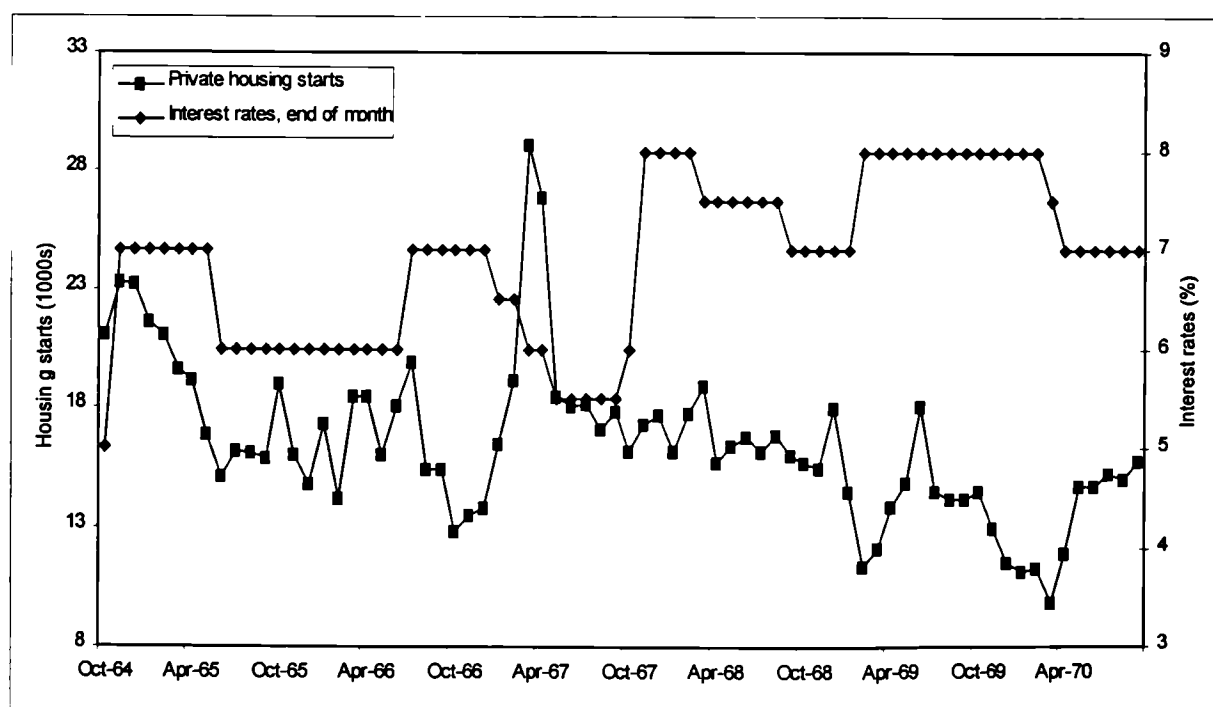
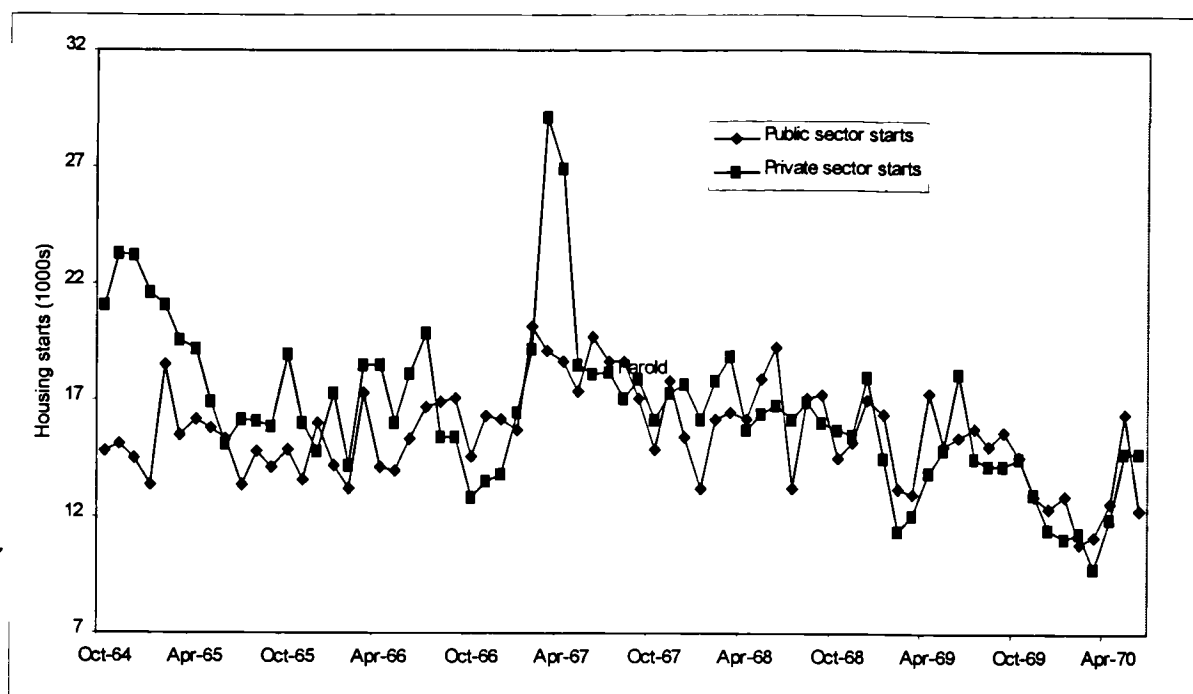
<sup>152</sup> PRO CAB 129/120: Crossman memorandum to Cabinet, 'Housing programme', 22 February 1965, Ross memorandum to Cabinet, 'Housing programme – Scotland', 23 February 1965; PRO CAB 128/39: Cabinet minutes, 25 February 1965

<sup>153</sup> PRO PREM 13/374: Crossman to Wilson, 13 May 1965; PRO CAB 130/230: Callaghan memorandum to MISC 60, 26 May 1965

<sup>154</sup> PRO CAB 130/286: Cairncross memorandum, 'The housing situation', 25 May 1966

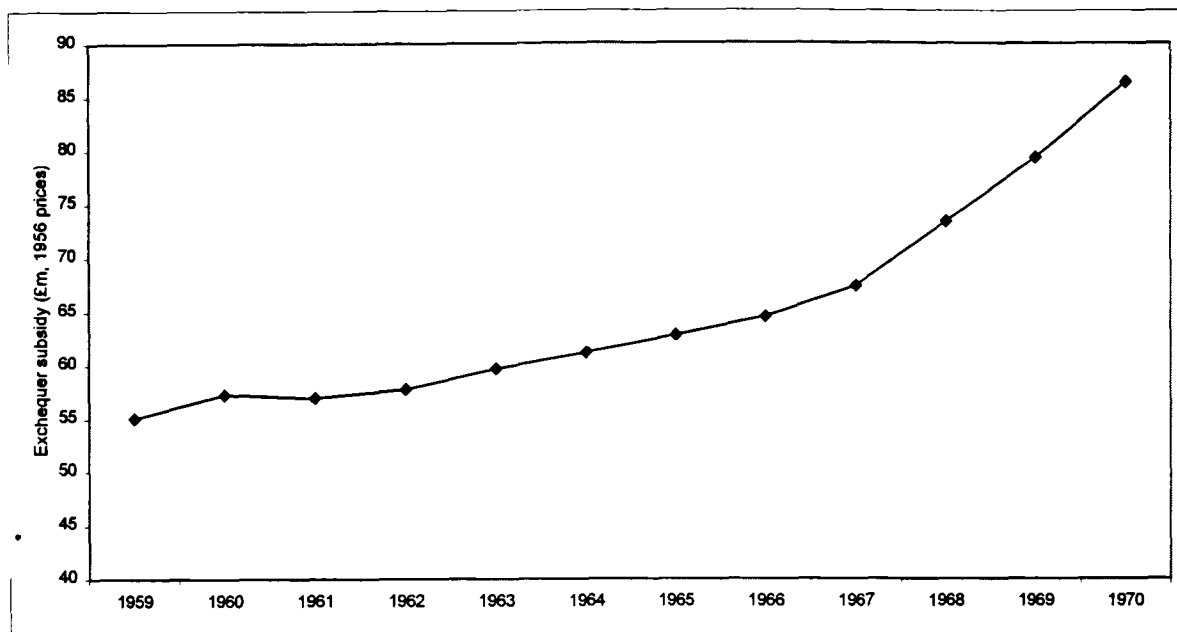


Charts V.5 &amp; V.6. Interest rates, public and private sector housing starts, GB, 1964-70



Sources: *Economic trends* (various); *Housing and construction statistics* (July 1967), (April 1968), (February 1971), tables 50, 1 and 1

Chart V.7. Subsidy payments from central government for local authority housing, GB, 1959-70 (constant 1959 prices)



Sources: *Housing and construction statistics*, May 1971, table XV, p. 82; *Economic trends* (various)

The Wilson government had reversed the slum-clearing emphasis of 1955-64, and replaced it with a general subsidy to meet the acute shortage of houses to rent. This new pressure for more starts would combine with the setting of overall targets to aid the growth of the public sector. During the public spending round of July 1965, for instance, Crossman used stalling private sector starts to justify a 20.4% increase in capital spending allocations, and a 38.6% increase in subsidy spending, over the life of the Government.<sup>155</sup> Partly on the grounds that the extra subsidy spending would not fall due until 1967/68, as it was only payable on new houses, the Cabinet allowed this change through, at the cost of no more public sector starts in 1966/67.<sup>156</sup> By now, however, Crossman knew that 'the private sector will not achieve its 250,000 in 1967 even if it is to go all out'. The implication for the public sector programme was that 'we can... safely lay our plans for expanding the public sector knowing that the danger of over-taxing the construction industry during the period of squeeze is likely

<sup>155</sup> PRO CAB 129/121: Callaghan memorandum to Cabinet, 'Public sector spending allocation', 13 July 1965;

PRO PREM 13/375: Crossman to Wilson, 20 July 1965

<sup>156</sup> PRO CAB 134/2001: Crossman memorandum to Home Affairs Cabinet Committee, 2 August 1965

to be remote'.<sup>157</sup> Even as the 'national housing plan' was on the drawing board, therefore, those responsible knew that it would necessarily entail a large expansion in state housing.

By November Crossman was asking the Cabinet for 6,000 more approvals. His colleagues agreed to 3,500, providing that the new starts should be in areas of the country where the construction industry was under-utilised.<sup>158</sup> The Ministry of Housing returned to the attack in June 1966, citing once again the threat of not meeting their declared housing targets. Crossman told the Cabinet that 'the only assured means of maintaining a better rate of completions in 1967 and 1968 is to step up the local authority programme now, by giving additional approvals in the rest of this year'. This time the demand was for a further 7,500 approvals in England and Wales, and a further 9,000 at the behest of the NCB, for miners transferred to economic pits.<sup>159</sup> As private sector starts continued to fall, and projections showing that the public sector still could not meet their part of the 1970 target, the pressure remained throughout the autumn to fund more public sector provision.<sup>160</sup> The figures revealed by an inter-departmental inquiry in late 1966 were even worse than in September, though Ministers were still reluctant to abandon their target.<sup>161</sup>

Early 1967 represented the high point of Labour's desire for more council houses. By now Anthony Greenwood, who had replaced Crossman at Housing, was asking for 17,800 more such houses, which would put the Government within striking distance of their 250,000 target for the public sector. His colleagues limited him to

---

<sup>157</sup> PRO PREM 13/960: Crossman to Wilson, 24 August 1965

<sup>158</sup> PRO CAB 134/1741: Crossman memorandum to EDC, and minutes, 24 November 1965; PRO CAB 134/1737: EDC minutes, 1 December 1965; PRO CAB 130/286: MISC 113, minutes, 11 May 1966

<sup>159</sup> PRO CAB 129/125: Crossman memorandum to Cabinet, 'Immediate increases in the local authority housing programme', 28 June 1966

<sup>160</sup> PRO CAB 134/2895: MHLG memorandum to Official Committee on Housing, 15 September 1966; PRO PREM 13/963: Greenwood to Wilson, 17 October 1966

<sup>161</sup> PRO CAB 134/2895: Official Committee on Housing, minutes, 29 November 1966; PRO CAB 130/286: Greenwood memorandum to MISC 113, 7 December 1966

7,800, shared between the NCB and New Towns.<sup>162</sup> But this was to be the peak of the public housing boom. By now a limited measure of reflation had somewhat revived the private sector, undermining the case for more local authority starts. Greenwood conceded that he would defer asking for 5,000 of his desired approvals until the end of the year, and in the end was limited to an approvals increase of 5,000.<sup>163</sup> By the autumn, Callaghan had succeeded in shaving 5,000 completions off the 1970 estimates, taking public starts in that year down to 237,000.<sup>164</sup>

Devaluation changed all these estimates, as officials realised immediately when they examined the potential price rises triggered in construction and the fall in private sector activity in an uncertain environment.<sup>165</sup> The 500,000 target evaporated immediately.<sup>166</sup> In January 1968 the Cabinet reluctantly agreed to cuts amounting to 22,000 public sector starts in 1970.<sup>167</sup> This was only the first of a number of spending reductions. Another 2,000 reduction in 1968 starts for England and Wales was agreed in July of that year – though at £7m in additional 1969/70 savings this was a fraction of the £22m to £32m the Treasury had asked for.<sup>168</sup> The 1968 cuts exercises took £70m off the planned 1969/70 Budget, which implied £77m of reductions in 1970/71 if the restraint continued, including cuts in local authorities' mortgage lending.<sup>169</sup> However, in 1969-70, as in the other social services, resistance to any more cuts became fiercer. Although the Government reduced its approval for local authority mortgage lending from the £55m councils had been promised to £30m for 1969/70,

---

<sup>162</sup> PRO CAB 130/306: MISC 113 minutes, 20 January 1967

<sup>163</sup> PRO PREM 13/2156: Trend to Wilson, 13 March 1967; PRO HLG 118/797: Programme Working Party paper, 'The present housing situation', 13 March 1967; PRO CAB 128/42: Cabinet minutes, 14 March 1967

<sup>164</sup> PRO PREM 13/2156: Greenwood to Wilson, 10 July 1967; PRO CAB 128/42: Cabinet minutes, 20 July 1967

<sup>165</sup> PRO HLG 118/800: MHLG memorandum, 'The effect of devaluation on the housing programme', 21 November 1967

<sup>166</sup> e.g. PRO PREM 13/2066: Greenwood to Wilson, 12 January 1968

<sup>167</sup> PRO CAB 128/43: Cabinet minutes, 5 January, 11 January 1968

<sup>168</sup> PRO CAB 134/3204: Jenkins memorandum to SEP, 'Public expenditure 1969/70', 18 June 1968; PRO CAB 13/3201: SEP minutes, 11 July 1968

<sup>169</sup> PRO CAB 134/3204: Jenkins memorandum to SEP, 'Public expenditure 1970/71', 12 July 1968; PRO CAB 13/3201: SEP minutes, 15 July 1968

Jenkins agreed to restore this cut if Crosland could find offsetting savings. The cut was eventually reversed.<sup>170</sup> However, this did not stop Labour falling far short of its National Plan objectives for Housing (see *table V.2*).

*Table V.2. National Plan building targets and reality, GB, 1964/65-1969/70 (000s dwellings)*

	<i>1964/65 real</i>	<i>1969/70 plan</i>	<i>1969/70 real</i>	<i>Planned %increase</i>	<i>Real %decrease</i>
GB starts	347	488	319	40.56	-8.15
E&W starts	350	438	291	25.14	-16.86
Scottish starts	43	50	28	16.28	-35.12

*Sources:* Cmnd 2837, *The Housing Plan for Scotland* (November 1965), pp. 4-5; Cmnd 2838, *The Housing Plan* (November 1965), pp. 3-5; *Housing and construction statistics*, November 1971, table 1, p1

This still left notional 1970/71 reductions at £55.7m, though shared between housing and general local environmental services. Jenkins was warned that this meant that total housing starts could not even reach 380,000 in 1970.<sup>171</sup> Wilson wrote to the Chancellor, expressing his concern, and asking for a review of local authority housing finance.<sup>172</sup> A Cabinet inquiry was convened in early 1970, and so desperate were Ministers to reverse the fall in house building that no options were ruled out. The committee examined paying special three-year subsidies to house-builders, mobility payments to allow council tenants to buy their houses or move out, and a Building Society subsidy for new borrowers.<sup>173</sup> These debates demonstrated the ideological and practical limits beyond which Labour could not go. Subsidised sales of council houses were ruled out as favouring 'the richer council tenants', advances to building societies on the more practical grounds that the Government could not afford to make a real difference to the mortgage market. The Prime Minister eventually concluded that local authority lending should be increased, with more 100% mortgages through lifting the cap on these from £100m for 1971/72 to £150m.<sup>174</sup>

<sup>170</sup> PRO CAB 134/3209: SEP minutes, 6 January 1969; PRO PREM 13/3266: Greenwood to Wilson, 6 January 1969; PRO CAB 128/44: Cabinet minutes, 17 July 1969

<sup>171</sup> PRO PREM 13/2589: Robinson to Jenkins, 19 September 1969

<sup>172</sup> PRO PREM 13/3267: Wilson to Jenkins, 29 October 1969

<sup>173</sup> PRO CAB 130/454: MISC 264 minutes, 6 February 1970

<sup>174</sup> *ibid*, 17 March 1970

*'Repairs and conversions': a new liberal agenda, 1968-70*

Public expenditure cuts only served to encourage a move away from treating housing policy as if it were a simple numbers game. New slogans came to the fore, such as 'consultation', 'renewal', 'renovation' and 'improvement'. The industrial building bubble burst, no longer necessary now the construction industry was not stretched to its limits, and high-rise flat building wound down. This was hastened by the public outcry following the disaster at Ronan Point, in East London, in May 1968. Five people were killed in a gas explosion that led to the collapse of one corner of the block: the most popular reaction was to blame the high-rise form itself.<sup>175</sup> The Ministry of Housing, which had harboured doubts about high-rise for years, concurred. Centralised cost yardsticks, which from 1963 had been operated as a drag on high building, had already been tightened, making it virtually impossible for local authorities to carry on with large-scale high building. These had been under review for at least two years before the Ronan Point explosion, and had been formalised in the 1967 Housing Subsidies Act.<sup>176</sup>

This intervention on the part of the Ministry evoked a great deal of protest from local authorities, and pressure for constant reviews of the cash limits. Officials admitted that 'the cost yardstick discriminates against the multi-storey block', since it gave less subsidy at higher densities.<sup>177</sup> After Ronan Point, they wanted to take this further:

The strongest case for review is at the lower densities if need be by reduction of the yardsticks for the high density levels since recent events and the general discontent with high flats show that there can be no justification for encouraging building which is not only very expensive but which produced unpopular, and for many families inferior, homes.<sup>178</sup>

<sup>175</sup> Dunleavy, *Politics*, p. 242; E.W. Cooney, 'High flats in local authority housing in England and Wales since 1945', in A. Sutcliffe (ed.), *Multi-storey living: the British working-class experience* (Croom Helm, London, 1974), p. 151

<sup>176</sup> MHLG Design Bulletin 7, *Housing cost yardstick for schemes at medium and high densities* (HMSO, London, 1963), cost table, pp. 5-8; McKay & Cox, *Change*, pp. 133-4; Berry, *Housing*, pp. 97-9; PRO CAB 130/286: Greenwood memorandum to MISC 113, 'The speed of local authority housebuilding', 25 November 1966

<sup>177</sup> PRO HLG 118/805: Swaffield to Ulrich, 8 January 1968

<sup>178</sup> PRO HLG 118/875: Stevenson circular to local government associations, 5 September 1968

The yardstick was indeed further slanted against tall flats. As a result of the Ministry's final review, very high rise building began immediately to abate (see *tables V.3 and V.4*). System building immediately fell away, before collapsing in the mid to late-seventies (see *chart V.4*).<sup>179</sup>

*Table V.3. Local authority tenders for high flats in relation to other dwellings, GB, 1960-70*  
(% of total local authority dwelling tenders)

	<i>Houses</i>	<i>2-5 storey flats</i>	<i>5+ storey flats</i>
1960	52.4	33.6	14.0
1961	52.2	32.5	15.3
1962	49.4	33.5	17.1
1963	46.8	30.7	22.5
1964	44.5	30.9	24.6
1965	47.3	29.4	23.3
1966	47.4	26.5	26.0
1967	49.3	26.6	24.1
1968	51.1	30.3	18.6
1969	52.8	33.9	13.3
1970	51.8	36.6	11.6

*Source: Housing and construction statistics, May 1971, tables 10-11, p. 24, February 1972, tables 10-11, p. 24*

*Table V.4. Local authority multi-storey flat tenders, GB, 1945-1979*

	<i>1945-48</i>	<i>1948-52</i>	<i>1953-57</i>	<i>1958-62</i>	<i>1963-67</i>	<i>1968-72</i>	<i>1972-79</i>
East Anglia	0	0	0	132	722	65	0
East Midlands	0	0	39	255	4321	1374	0
North	0	0	0	3846	7289	2125	53
North West	0	0	935	10932	27805	7137	156
Scotland	0	396	563	10887	36858	13396	2052
South East	0	316	828	4076	11965	2770	770
South West	0	0	594	2814	2886	391	221
Wales	0	0	225	1111	807	309	0
West Midlands	0	806	4225	10604	27016	4688	288
Yorks and Humber	0	0	3214	8157	16089	3566	280
LCC/GLC	3212	12652	20830	24052	62291	28925	7299
<b>GB total</b>	<b>3212</b>	<b>14170</b>	<b>31453</b>	<b>76866</b>	<b>198049</b>	<b>64746</b>	<b>11119</b>

*Source: M. Glendinning & S. Muthesius, Tower block: modern public housing in England, Scotland, Wales and Northern Ireland (Yale UP, New Haven, 1994), table 2, p. 333*

The Ministry's R&D Group had long known that system building would never be more efficient than traditional methods, whatever the density of development. Tall

<sup>179</sup> Dunleavy, *Politics*, p. 177

flats, it had been clear for a decade, were very expensive.<sup>180</sup> Now successive Ministry prototypes revealed that the same was true of industrialised building. A low-rise industrial housing system – which grew out of the CLASP system so successful in school-building – showed that the system cost (at £2,557 per house) was over £400 a house more than those built with traditional methods. This undermined the whole logic of industrialisation.<sup>181</sup> The NBA similarly found that industrialised ‘efficiency gains’ were in fact due to the fact that larger and more efficient companies were the only firms that could afford to build with industrial methods. When the same techniques were applied to traditional brick-built houses, the gains were just as great. The recognition of this fact led to the collapse of the demand for systems building. Laing’s, for example, closed their industrialised building plant in Livingstone as early as 1969.<sup>182</sup>

MHLG planning, having embraced new social survey techniques, had changed beyond recognition since the early ‘sixties. Their study of St Mary’s, Oldham, was the first large-scale official sociological survey of a slum clearance area, and was to become the first such study to reveal the mistakes and discontent behind the *façade* of urban redevelopment.<sup>183</sup> The *Study* asked new questions – how easy was it to understand the ‘bewilderingly complex’ terms for re-settlement and compensation? Did people actually like their new homes? Were the terms for compensation, crucial in an area with high levels of owner-occupation in old, cheap houses, seen to be fair? Though most of the new tenants seemed pleased with their new environment, at least a year or two into their new tenancies, there was one glaring problem: the unhappiness of families with children at living in flats. Only 11% of such families had actually wanted flats, and only just over half were ‘satisfied’ with them once they had

<sup>180</sup> MHLG, *Flats and houses 1958* (HMSO, London, 1958), *passim*, esp. p. 61

<sup>181</sup> MHLG Design Bulletin 18, *Designing a low-rise housing system* (HMSO, London, 1970), *passim*, esp. pp. 45–6

<sup>182</sup> Finnimore, *Factory*, pp. 198–201, 109

<sup>183</sup> Burnett, *Housing*, p. 275



moved in.<sup>184</sup> Elsewhere, noise and privacy – along with an emerging problem with damp – were perceived by tenants as the main flaws of the new estates.<sup>185</sup>

The most famous example of the Ministry's new 'liberalism' was their study of Deeplish, in Rochdale.<sup>186</sup> Greenwood's introductory note on 'so-called rural slums', condemning the 'city planner, [who], ambitious for wholesale redevelopment, easily writes them off as the slums of tomorrow and decrees a clean sweep', set the tone. 'This first impression is both superficial and one-sided', he argued: 'repairs and conversions undertaken by owner occupiers can work wonders'.<sup>187</sup> The new sociological investigative techniques were put to good effect, demonstrating that most of the houses were in fact 'solid', as well as showing exactly which parts of the Deeplish area were affected by the worst poverty and neglect. A team of architects, designers, quantity surveyors and sociologists was put to work on the investigation. They calculated that only about one-quarter of the houses were either 'expensive' or 'very expensive' to repair. Moreover, the popularity of the area was partly due to its low rents and proximity to the city centre, which might be destroyed by re-housing. The *Study's* recommendations were even more influential, for they prefigured decades of traffic calming, tree planting, grass seeding and interior renovation.<sup>188</sup>

The Deeplish study showed that government policy was not only being changed by the disrepute of high rise and system building. There were now new ideas to promote: renovation and area improvement. The study had an impact even within Cabinet, as Greenwood used it to press such policies on his colleagues. The Ministry of Housing backed up the Deeplish findings with another survey, of 6,000 households questioned by Medical Officers of Health. The results seemed to confirm that 'many

---

<sup>184</sup> MHLG Design Bulletin 20, *Moving out of a slum* (HMSO, London, 1970), pp. 2-3, 6, 18-19, 21; Design Bulletin 22, *New housing in a cleared area* (HMSO, London, 1972), pp. 6, 11, 64

<sup>185</sup> MHLG Design Bulletin 21, *Families living at high densities* (HMSO, London, 1970), pp. 4, 8, table 2, p. 20, pp. 28-9, 36

<sup>186</sup> T.L. Blair, *The poverty of planning: crisis in the urban environment* (Macdonald, London, 1973), pp. 79-80; McKay & Cox, *Change*, p. 133

<sup>187</sup> MHLG, *The Deeplish study* (HMSO, London, 1968), p. v

<sup>188</sup> *ibid*, pp. 2, 13-17, 26-7, 69-71

people are well content to stay in old houses and areas if the houses and the environment can be improved'.<sup>189</sup> This conclusion led to a new emphasis on the rehabilitation of so-called 'twilight areas'. Local authorities were to be instructed to carry out area surveys on the Deeplish model, and the Ministry began to look at new powers to force through the renovation of run-down urban areas.<sup>190</sup> This process had also been given impetus by the Dennington Report of 1966. This was yet another attempt to get away from 'the concept of... "unfit" houses, the "slum" and its link by definition with physical health'. The Report proposed a list of amenities that houses should have – an inside toilet, a wash basin, a fixed bath, and so on – but also minimum standards for housing families in reasonable comfort.<sup>191</sup>

Such measures eventually emerged in the 1968 White Paper, *Old houses into new homes*, and the 1969 Housing Act. This introduced the principle of General Improvement Areas, for which money would be granted to councils for general environmental upgrading. More importantly, increased improvement grants to pay for half the cost of renovation (up to £1,000) could be given to householders. Standard grant payments, which could be made by councils when residents did not have basic amenities such as a WC, were upgraded.<sup>192</sup> This applied to hundreds of thousands of houses 'capable of providing good living conditions for many years to come and unlikely to be affected by known redevelopment... proposals'.<sup>193</sup> Since the Ministry estimated that there were up to 783,000 houses in or adjoining potential clearance areas that could be repaired for less than £1,000, this was a major change of direction.<sup>194</sup> The pace of general clearance orders dropped sharply, and following the new Housing Act improvement grants were made at the fastest rate since 1945.<sup>195</sup>

<sup>189</sup> PRO CAB 130/306: Greenwood memorandum to MISC 113, 'The older housing stock: improvement and clearance', 12 May 1967

<sup>190</sup> PRO CAB 134/2894: Greenwood, Ross memorandum to MG 68, 'The older housing areas: proposals for rebuilding', 5 February 1968

<sup>191</sup> MHLG, *Our older homes* (HMSO, London, 1966), pp. 6-9, 13-15

<sup>192</sup> Cmnd. 3602, *Old houses into new homes* (April 1968), p. 5

<sup>193</sup> Cullingworth & Nadin, *Planning*, p. 229

<sup>194</sup> Cmnd. 3602, *Old houses into new homes* (April 1968), table 14, p. 29

<sup>195</sup> Cmnd 4753, *MHLG report for 1969 and 1970* (August 1971), p. 9

This sensitivity was of a piece with the new emphasis on urban renewal, for instance exhibited in the Home Office's Urban Programme of grants to local authorities for community projects, which saw £4m in 1968/69 and £17.5m in 1969/70 allocated to inner-city areas in England and Wales.<sup>196</sup>

Paradoxically, the new agenda was also sustained by the strengthening of the centre, facilitated first by the report of the Housing Programmes Committee in 1965, and then by the work of Labour's new regional machinery (including the EPCs). While preparing for the national Housing Plan, the HPC had tried to estimate the demand for private housing, to aid planning of the public programme, as well as conduct work on transport links and the availability of land for new housing. In bringing the MHLG and the Treasury together, the Committee combined realism about costs with an awareness of the very real need for building and rebuilding.<sup>197</sup> The result of such work was that central government knew more about regional needs, costs, and infrastructure than they had before. Although Ministers did not accept their recommendations, the same went for local planning efforts such as the West Midlands' EPC *Study* and the CEPU's Humberside exercise.<sup>198</sup>

The new agenda took 'consultation' more seriously than ever before. The 1965 report of the Ministry's Planning Advisory Group was crucial here. It recommended a separation between tactical planning decisions, which should be devolved to the local level and removed from the procedures of Ministerial approval. Only 'structure plans', laying down land use by area would be submitted to the Minister. Local authorities' own Development Plans would fill in the detail, while 'local plans' on an even smaller scale would complete the picture. It was hoped that this would allow people to actually envisage the effect on their environment, rather than just looking at a land-use map. Although the change was also intended to speed up the planning

---

<sup>196</sup> Wilson, *Governments*, p. 526. Only £9.5m had actually been spent by the time Labour left office: PRO T

227/3191: Home Office, DES, DHSS joint Circular, 'Urban programme no. 3', 12 June 1970

<sup>197</sup> PRO T 277/1546: MHLG, MPBW memorandum to HPC, 'The demand for new private housing', MPBW memorandum to HPC, 'Building cost index numbers', 12 April, 24 April 1965, HPC Report, May 1965

<sup>198</sup> PRO CAB 134/2761: Peterson memorandum to Environmental policy committee, 'Next steps in the West Midlands', 25 November 1966; PRO EW 6/60: CEPU, 'Humberside Report', 21 March 1969

process, the emphasis on persuasion and public relations was highly influential.<sup>199</sup> Most of the PAG's recommendations were made law in the 1969 Town and Country Planning Act.<sup>200</sup>

This trend was further accelerated by *People and planning*, the report of a Ministry of Housing Committee under the Parliamentary Secretary Arthur Skeffington. A range of measures to involve the public – co-option, community forums, advisory panels – were recommended in this report. The employment of ‘community development officers’, usually community workers able to reach those people who usually would not take part in consultation exercises, was recommended.<sup>201</sup> The ‘new partnership’ the Skeffington Report wanted to build was still framed in terms of persuasion and public relations. But government had taken its first faltering steps towards more popular, and more flexible, housing and planning policies.<sup>202</sup>

---

<sup>199</sup> PAG, *The future of development plans* (HMSO, London, 1965), pp. 3-9, 15

<sup>200</sup> Cmnd. 3333, *Town and country planning* (June 1967), *passim*, esp. pp. 3, 8-9

<sup>201</sup> DOE, *People and planning: report of the committee on public participation in planning* (HMSO, London, 1969), pp. 13-21, 47-8

<sup>202</sup> P. Levin & D. Donnison, ‘People and planning’, in Cullingworth (ed.), *Problems of an urban society*, vol. III (Allen & Unwin, London, 1973), pp.87-90; H. Gans, *People and plans: essays on the urban problem and solutions* (Basic Books, New York, 1968)

## VI HEALTH

There is virtually no limit to the amount of medical care an individual is capable of absorbing.  
-Enoch Powell<sup>1</sup>

*'True level of need': the Conservative reorientation of the NHS.*

The 1950s saw the NHS relatively starved of resources as a share of GDP, as *Chart VI.1* reveals. In relation to other social services, the NHS lost out to the Conservative's initial housing drive, the 'new deal' for secondary education, and the rising costs of social security.<sup>2</sup> The 1956 Report of a Committee of Inquiry, under the Cambridge economist Claude Guillebaud, revealed the results. Even though this Committee was inaugurated at the behest of the Treasury, perennially pressing for savings, it concluded that there was no room for further cuts. There had been no new hospitals built since the War, and the Report recommended a large new £30m per annum capital spending programme if hospitals were not to become altogether obsolescent.<sup>3</sup>

Nor were resources the only problem, for decision-making was hampered by administrative division and confusion. Labour's original 1930s design had been for joint boards of local authority members to govern hospitals, with a salaried General Practitioner service working in health centres bringing together health visitors, doctors and nurses. Mainly through pressure from doctors, the 1948 NHS Act did not achieve this. Instead, Regional Hospital Boards oversaw the hospital service, sub-regional Executive Councils employed GPs, and local authorities governed health and welfare services such as home helps, maternity clinics, hostels for the mentally ill, and

---

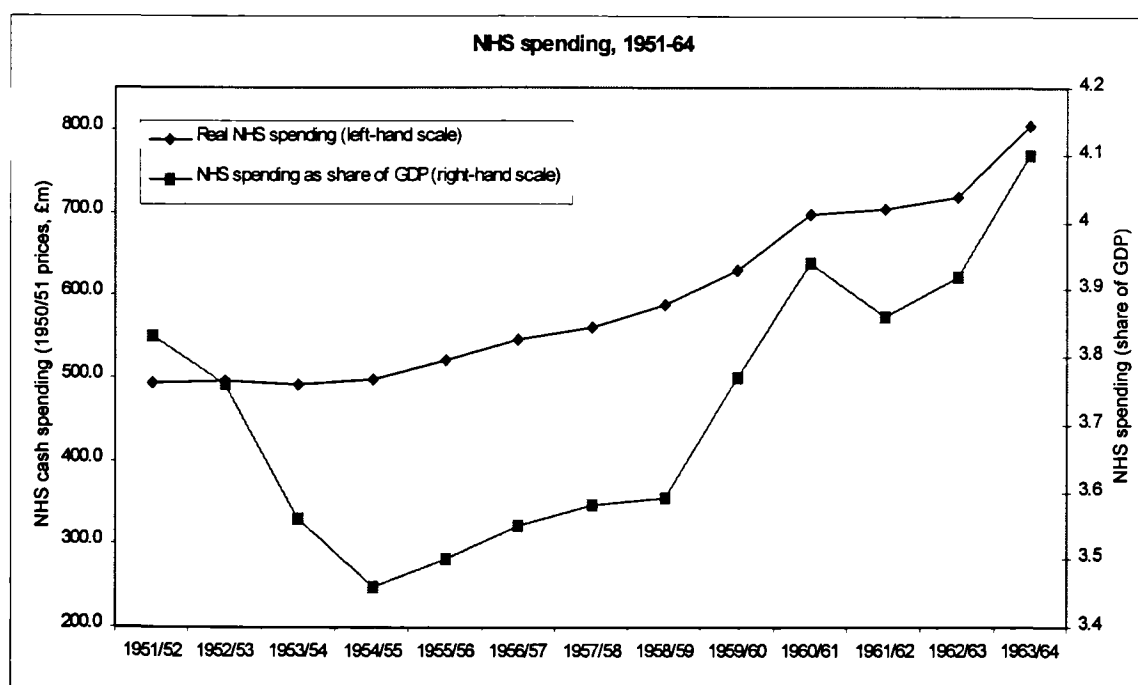
<sup>1</sup> R. Klein (2<sup>nd</sup> edn.), *The politics of the National Health Service* (Longman, London, 1989), p. 67

<sup>2</sup> T. Cutler, 'Dangerous benchmark? Early NHS cost estimates and the "problem" of NHS expenditure', ICBH seminar paper, 15 March 2000

<sup>3</sup> R. Lowe, *The welfare state in Britain since 1945* (Macmillan, London, 1993), p. 181; D.M. Fox, *Health policies and health politics: the British and American experience 1911-1965* (Princeton UP, New Jersey, 1986), p. 175; B. Watkin, *The National Health Service: the first phase, 1948-74 and after* (Allen & Unwin, London, 1978), p. 37; B. Abel-Smith & R. Titmuss, *The cost of the National Health Service* (NIESR, Cambridge, 1956), pp. 24-47

homes for the elderly.<sup>4</sup> This tripartism would have serious consequences, both for planning and growth, especially given the fact that many Conservatives had never quite come to terms with the idea of a government-funded health service. The Ministry itself lost initiative and drive, having yielded many of its functions to MHLG when Bevan left for the Ministry of Labour in 1951. With seven Ministers of Health between 1951 and 1962, none in the Cabinet, relegation to low priority was all the easier.<sup>5</sup>

Chart VI.1. UK NHS funding 1951-64 (£m, 1951 prices, and %)



Source: Webster, *Services*, II, pp. 802-3; *Economic trends (various)*

<sup>4</sup> Watkin, *First phase*, pp. 23-8

<sup>5</sup> C. Webster, 'Conservatives and consensus: the politics of the NHS 1951-64', in A. Oakley & A. Williams (eds.), *The politics of the welfare state* (UCL Press, London, 1994), p. 56

*'Laboratory of new estates': GPs and health centres, 1951-64*

Such restraint had inevitable consequences. For instance, the number of GPs increased only at a very slow rate, from 23,019 in 1952 to 25,058 in 1963, with a small fall in 1964: this allowed the number of patients per GP, which had fallen until 1958, to creep up again.<sup>6</sup> The NHS had achieved some rationalisation of the distribution of GPs, with the semi-independent Medical Practices Committee exercising some control over where doctors were able to set up practices. The country was divided into three categories: 'restricted', where a ratio of less than 1,500 persons to each GP meant that the MPC would only allow new GPs to enter in exceptional circumstances; 'intermediate', where the MPC would judge each case on its merits, and 'designated', which all GPs could automatically enter. This control brought the average GP's list down from 2,436 to 2,287.<sup>7</sup> All the same, average lists in designated areas still stood at 2,737 in 1961: the *relative* deprivation of restricted areas persisted much as it had since the 1930s.<sup>8</sup> Slackening entry into general practice made the situation worse in the early 1960s.<sup>9</sup>

Tripartism had allowed GP health centres, which the 1944 White Paper envisaged as the gateway to specialist care, to be downgraded. Since relationships between hospitals, local authorities and GPs had never been made entirely clear, no one group was responsible for them.<sup>10</sup> No-one was therefore prepared to champion them. In practice, Circular 3/48 issued by the Ministry during the economic crises of 1948 therefore stalled local authorities' development of such centres. Indeed, GPs, suspicious of local councils and hostile towards any suggestion of becoming salaried state employees, were openly hostile to health centres in the early 1950s, and

---

<sup>6</sup> D. Paige & K. Jones, *Health and welfare services in Britain in 1975* (Cambridge UP, Cambridge, 1966), table 5, p. 38

<sup>7</sup> A. Lindsey, *Socialized medicine in England and Wales: the National Health Service 1948-1961* (OUP, Oxford, 1962), pp. 153-5

<sup>8</sup> C.J. Ham, *Health policy in Britain* (Macmillan, London, 1982), p. 20

<sup>9</sup> PRO MH 135/254: MOH memorandum, 'General Medical Services: distribution of doctors', November 1961

<sup>10</sup> Lowe, *Welfare*, p. 170

Conservative politicians agreed.<sup>11</sup> Health centres, Macleod said in 1955, should remain limited to the 'laboratory' of 'new towns and new estates'.<sup>12</sup> By 1958 only twelve new centres had been approved for England and Wales, most of them in redeveloped areas such as Thurrock, or new housing estates.<sup>13</sup> Opposition to health centres was widespread, and not confined to GPs. Local authority Medical Officers of Health were also wary of the costs involved.<sup>14</sup> However, Ministry officials privately accepted that 'the credit squeeze was more to blame for the failure of LHAs to establish Health Centres than opposition from the doctors'.<sup>15</sup>

The Ministry thought that it could encourage group practice via a loan scheme, rather than through health centres. This was based on expert assessments of existing health centres, which concluded that they would not work if they did not have local authorities' prior blessing.<sup>16</sup> The Government agreed to guarantee loans under the Group Practice Loans scheme established in 1955, but only up to £2,000 or 80% of the cost, whichever was the smaller.<sup>17</sup> This was increased to £2,500 in 1963.<sup>18</sup> However, these loans did not cover the whole cost of buying into a surgery, and with interest rates rising it became less attractive for new GPs to enter group practices. By 1959, only 150 group practices had been assisted in this way, and young GPs were finding it more difficult to enter partnerships.<sup>19</sup> Although the situation improved in the early 1960s, the total number of grants made in the Conservatives' last year in power stood at only about £800,000 (see *tables VI.1-VI.2*).

---

<sup>11</sup> Phoebe Hall, 'The development of health centres', in *idem*, H. Land, R. Parker & A. Webb (eds.), *Change, choice and conflict in social policy* (Heinemann, London, 1975), pp. 281-3

<sup>12</sup> PRO MH 134/61: MOH press release, 'Future of health centres', 16 December 1955

<sup>13</sup> PRO MH 134/51: MOH note, 'New health centres opened since 5th July 1948', 1957

<sup>14</sup> PRO MH 134/61: Survey of health centres and group practices, interim report, December 1959; PRO MH 134/62: 'Review of health centre projects which failed', 1960

<sup>15</sup> PRO MH 134/62: Humphries to Herzmark, 'Review of health centre projects which failed', 14 October 1960

<sup>16</sup> PRO MH 133/270: Lees and Carr, 'Survey of health centres and group practices, 1960', January 1961

<sup>17</sup> PRO MH 153/252: Scott, GPL Committee, to Dr A.J. Danby, Lyndhurst GP, 22 March 1963

<sup>18</sup> Cmnd. 2389, *MOH report 1963* (July 1964), p. 8

<sup>19</sup> PRO MH 135/280: Roffey to Stevenson, 1 April 1957, Stevenson to Roffey, 1 October 1957, ECN Circular 306, 31 August 1959; PRO MH 153/256: MOH note, 'Group practice', March 1964, Brandes to Bourton, 15 June 1964



Table VI.1. GP Practices and Group Practice Loans, England and Wales, 1959-64 (current prices)

	1959	1960	1961	1962	1963	1964
GPL loan approvals	40	41	63	60	95	102
Amount approved	£224,775	£181,300	£321,869	£294,775	£557,460	£687,500
Extra payments on old loans	£8,700	£29,100	£34,200	£20,127	£51,230	£44,000
<b>Total</b>	<b>£233,475</b>	<b>£210,400</b>	<b>£355,069</b>	<b>£315,087</b>	<b>£608,690</b>	<b>£731,500</b>
Single GP practices	6,119	5,897	5,598	5,422	5,208	5,000
GP partnerships	13,535	14,031	14,590	14,819	15,114	15,221
<b>Partnerships as % of total</b>	<b>68.9</b>	<b>70.4</b>	<b>72.3</b>	<b>73.3</b>	<b>74.4</b>	<b>75.3</b>

Sources: Cmnd. 1086, *MOH report 1959* (July 1960), p. 76; Cmnd. 1754, *MOH report 1961* (July 1962), table A, p. 187, table 8, p. 71, Cmnd. 2062, *MOH report 1962* (June 1963), p. 46, 1963, table 1, p. 62, table 8, p. 71, Cmnd. 2688, *MOH report 1964* (July 1965), table 1, p. 71, table 8, p. 82

Table IV. 2. GP Practices and Group Practice Loans, Scotland, 1959/60 – 1963/64 (current prices)

	1959/60	1960/61	1961/62	1962/63	1963/64
GPL loans approvals	10	11	13	6	19
Amount paid out	£20,000	£20,875	£37,100	£25,350	£69,665
Single GP practices	861	796	763	718	692
GP partnerships	1804	1858	1900	1948	1970
<b>Partnerships as % of total</b>	<b>67.7</b>	<b>70.0</b>	<b>71.3</b>	<b>73.1</b>	<b>74.0</b>

Sources: Cmnd. 983, *SHD report 1959* (May 1960), p. 41; Cmnd. 1320, *SHHD report 1960* (March 1961), p. 46; Cmnd. 1703, *SHHD report 1961* (May 1962), p. 45; Cmnd. 1996, *SHHD report 1962* (June 1963), p. 44; Cmnd. 2359, *SHHD report 1963* (June 1964), p. 43; Cmnd. 2700, *SHHD report 1964* (September 1965), p. 47

However, enthusiasm for integrating GP practices with social workers, health visitors and other welfare services was mounting, stimulated for instance by preparations for the 1962 Hospital Plan, which forced the Government to consider how hospital and LHA services interlocked with those of GPs.<sup>20</sup> Another example of this trend was Dr Annis Gillie's 1963 report to the Central Health Services Council, *The field of work of the family doctor*, which not only emphasised the importance of group practice, and especially GP partnerships, but also 'adequately staffed and well planned premises, daily course-load conferences between GPs and local authority staff, and shared premises. The implications for health centres, though Gillie still favoured group practices, was obvious.'<sup>21</sup> MOH established a working party to

<sup>20</sup> PRO T 227/1336: MOH memorandum to CHSC, 'Future scope of general practice', June 1961; Hall, 'Health centres', p. 299

<sup>21</sup> PRO T 227/2145: Gillie Report, *The field of work of the family doctor*, October 1963

consider the report, which would help add to the pressure for a 'new deal' for GPs under Labour.<sup>22</sup>

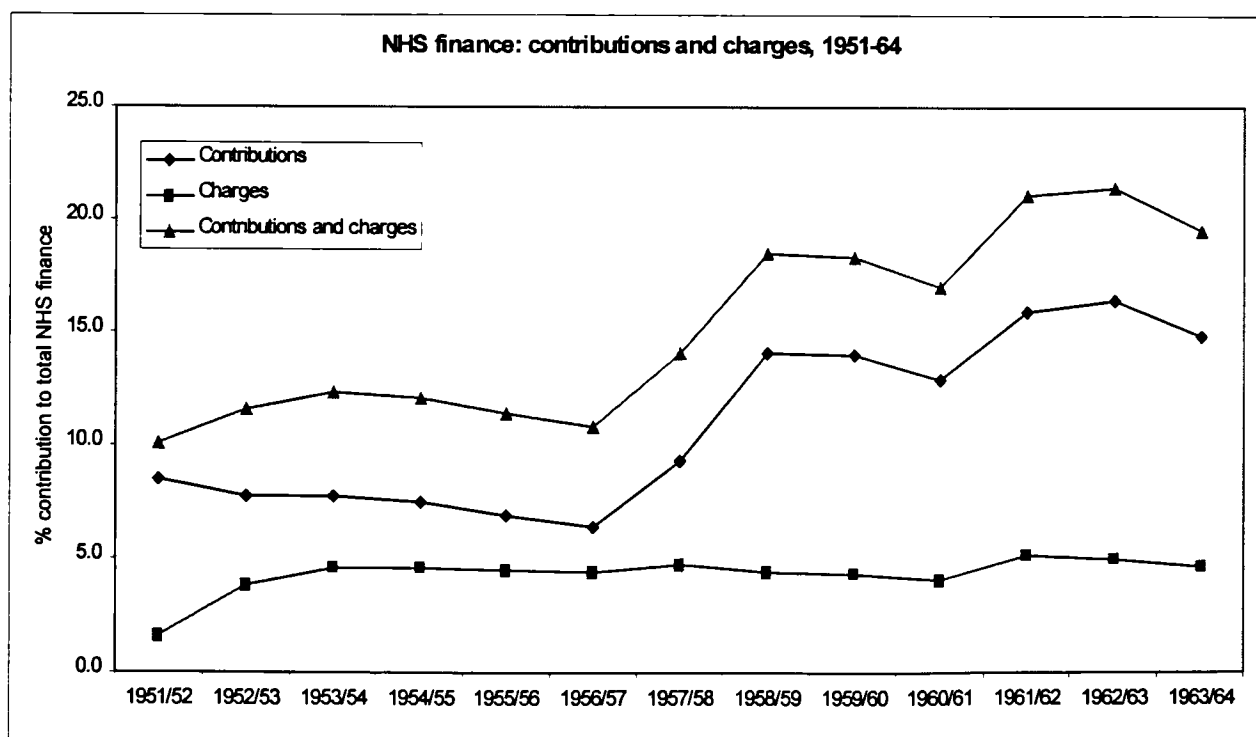
---

<sup>22</sup> PRO MH 153/247: Press release, working party on general practice, 20 February 1964

*'Body blow': charging for the NHS*

This was not the only Conservative re-orientation, for in 1952 the Government introduced a one shilling per item prescription charge, powers for which had been passed under Labour but never used.<sup>23</sup> There was also a rise in the amount that National Insurance payments – flat-rate impositions on all those in work, supplemented by employers' contributions – were expected to raise for the NHS. Total NHS contributions were increased from 10d (the rate since 1948) to 1s 10d a week in Thorneycroft's April 1957 Budget. They were further increased, to 2s 4d, in 1958.<sup>24</sup> Along with prescription charges, and charges for eye and dental treatment, these rises constituted a move away from a redistributive NHS (see *chart VI.2*) – though it should be noted that the scale of exemptions also increased over this period.

*Chart VI.2. NHS sources of finance, UK, 1951-64*



Source: Webster, *Services*, II, p. 805

<sup>23</sup> Webster, 'Consensus', p. 63; Helen Jones, 'Health', in R.M. Page & R. Silburn, *British social welfare in the twentieth century* (Macmillan, London, 1999), p. 171

<sup>24</sup> C. Webster, *The health services since the war, vol. II. The NHS 1958-1979* (HMSO, London, 1996), pp. 51-2, 63

Immediately after <sup>the</sup> 1959 General Election, Treasury officials began to press anew for increases in charges.<sup>25</sup> Given Guillebaud's conclusions, however, Prime Minister and Cabinet only agreed to make arrangements for new sources of revenue to be 'further examined'.<sup>26</sup> Even this involved a full-scale Ministerial battle. Chancellor Heathcoat-Amory's argument was the Treasury's toughest yet. He wrote to Butler (in charge during Macmillan's tour of Africa), arguing that contributions should be pegged at one-third of all NHS funding, and should thus go up with the total. Although he was careful to stick to demanding a 20% share for NI funding as an immediate measure in the Social Services Committee, his desire to set the NHS on a more contributory basis was clear.<sup>27</sup> The Ministry of Health was unusually resilient in opposing this. The Health Secretary, Derek Walker-Smith, attacked the regressive nature of the NHS contribution, which 'bears most heavily on the lower-paid workers':

Who can claim that such an action was implicit - it certainly was not explicit - in the Manifesto or the speeches of candidates? ...The proposal would come as a wholly unexpected, and equally unwelcome, bolt from the blue... a lifeline to a floundering Opposition and... a body-blow to our supporters.<sup>28</sup>

The clash ended inconclusively, with Boyd-Carpenter as Minister of Pensions arguing that if NI contributions went up, there would be pressure for pensions uprating, as well as political unpopularity.<sup>29</sup> On the other hand, the main consequence of this battle was the most far-reaching Cabinet-level review of NHS funding there had yet been: an official Committee was convened, with a brief drafted by Brooke as Chief Secretary. This brief instructed the civil servants involved, led by Frank Figgures from the Treasury, to try to find 'a satisfactory formula for automatic

---

<sup>25</sup> PRO T 227/1119: Boys to Rossiter, 9 November 1959, Rossiter to Robertson, 'Estimates 1960/61', 6 November 1959

<sup>26</sup> PRO CAB 128/33: Cabinet minutes, 10 November 1959

<sup>27</sup> Amory to Butler, 11 January 1960: Webster, *Services*, II, p. 75; PRO CAB 134/2533: Heathcoat Amory memorandum to SSC, 'The NHS Contribution', 15 January 1960

<sup>28</sup> PRO CAB 134/2533: Walker-Smith memorandum to SSC, 'The NHS contribution', 19 January 1960

<sup>29</sup> PRO CAB 134/2533: SSC minutes, 25 January 1960; PRO CAB 128/34: Cabinet minutes, 3 February, 9 February 1960

determination of the shares in the total cost of the Service to be borne respectively by general taxation, by a special impost and by direct charge'.<sup>30</sup>

A prescient list of alternatives was provided by the Ministry, including more pay beds in NHS hospitals, increasing prescription charges – though if there was to be an increase in contributions they wanted to use part of that money to abolish these charges – and increased charges for applications such as surgical prostheses. There were some politically incendiary items on the list, including consultation charges to see GPs, and hospital boarding charges. Technical advice was also taken from the Inland Revenue on a hypothecated 'NHS tax'. However, the Ministry opposed an automatic rise in contributions, or any arbitrary formula to peg contributions' share of NHS funding. The Inland Revenue believed that hypothecation would be unworkable. There was no point in changing to a flat-rate scheme, since this was effectively be the same as NI. Alternatively, under a gradated scheme, with more tax due from the higher paid, they would have to know the exact income of every worker in the country, a huge and impractical rise in their workload.<sup>31</sup>

In the end, these facts were decisive: the Treasury itself objected to an NHS tax, which would effectively mean a large rise in the rate of income tax.<sup>32</sup> The amounts actually involved in raising charges, or indeed imposing new ones, were also not large enough to be worth the political opprobrium they would entail: a consultation charge for seeing a GP, at 2s 6d, would only raise £31m per annum. As for more taxes, a flat rate tax would not be buoyant enough to rise with the national income. Nor could any specific indirect tax, on tobacco for instance, raise enough to cope with future demand. Hypothecation in any case was 'inherently unstable and dangerous', effectively ending any government's flexibility to manage economic demand. Ministers were presented with two choices: either impose an automatic

---

<sup>30</sup> PRO CAB 134/2051: Brooke memorandum, 'Official committee on Health Service finance', 29 February 1960; PRO CAB 134/2533: Kilmuir to Macmillan, 15 March 1960

<sup>31</sup> PRO CAB 134/2051: MOH memorandum to Official Committee on NHS Finance: 'Charges', 22 March 1960, Inland Revenue Memoranda to same, 'Health Service Tax', 23 March 1960, 3 May 1960

<sup>32</sup> PRO T 227/1377: Hall to Padmore, 'Health Service Finance', 16 May 1960

annual rise in NI, or impose a new NHS tax related to income. The latter, with all its administrative complexity, was not recommended, but remained a possible option.<sup>33</sup>

Ministers were thus thrown back onto raising NHS contributions. This was brought back before the Cabinet by Selwyn Lloyd, the new Chancellor, in October 1960, who proposed to raise £50m through an increase in the NHS Stamp to 3s 4d. It took three meetings for the 1s increase he wanted, with its 'severe' political repercussions, to be agreed. With a new system of graduated NI contributions being brought in by the Ministry of Pensions and National Insurance at the same time, many Ministers were also worried at the impact on the low-paid.<sup>34</sup> Nor was this the end of the increases, for Enoch Powell, now Health Minister, voluntarily offered a range of increases in dental and eye charges. His proposal for £14m more in charges was eagerly accepted by the Treasury.<sup>35</sup> Treasury officials expressed satisfaction at the 'greater acceptance of the principle of a means test'.<sup>36</sup>

When Powell came to announce these economies and contribution rises in the Commons, they added up to an overall 'saving' of £65m over a full year. They involved 1s on prescription charges, 5s on spectacles, and a 5s to 10s rise in charges for dentures.<sup>37</sup> The impact was just as Walker-Smith had predicted. Labour were outraged, and one of the most bitter political confrontations for years developed in the House. Labour, recently so divided over nuclear arms policy, was united by the 'cuts'. George Brown, who opened Labour's censure debate, attacked Powell's willingness to ignore 'any of us who grew up in circumstances where reliance upon a public health provision was essential'; one sketch-writer described the scenes in the Commons as the ugliest since Suez.<sup>38</sup>

---

<sup>33</sup> PRO CAB 134/2051: Draft report, Official Committee on NHS Finance, 16 August 1960

<sup>34</sup> PRO CAB 128/34: Cabinet minutes, 18, 25, 27 October 1960; Shepherd, *Powell*, p. 212

<sup>35</sup> PRO T 227/1759: Powell to Selwyn Lloyd, 3 November 1960, Clarke to Hubback, 16 November 1960, Meeting with Fraser, minutes, 17 November 1960

<sup>36</sup> PRO T 227/1357: Collier to Robertson, 7 December 1960

<sup>37</sup> *House of Commons debates*, vol. 633, cols. 988-9: Powell statement, 1 February 1961

<sup>38</sup> S. Heffer, *Like the Roman: the life of Enoch Powell* (Weidenfeld & Nicolson, London, 1998), p. 279; Timmins, *Five giants*, p. 209

Overall, although this furore put an end to further funding changes for the moment, the drift of Conservative thinking was clear.<sup>39</sup> During the debates on health charges, James Douglas submitted a paper to the party's Policy Committee on the Future of the Social Services, arguing that the pharmaceutical and general medical services ought to be put on an insurance basis, with the earmarking of contribution funds as a first step. Although this was rejected in the Committee's interim report of April 1961, other measures, such as more private provision within the NHS, were not.<sup>40</sup> Although nervous of its unpopularity, some Conservative politicians were quite ready to consider radical change.<sup>41</sup> Political considerations precluded raising more revenue outside the tax system; hopes that the current cost of the NHS could be stabilised or even reduced through 'planning' also played a part, allowing politicians to hope that extra money would not be needed.

---

<sup>39</sup> Lowe, 'The replanning of the Welfare State 1957-64', in Francis & Zweiniger-Bargielowska, *Conservatives*, pp. 268-9

<sup>40</sup> CPA CRD 2/29/8: Douglas, Sewill memoranda to Policy Committee on the Future of the Social Services, 'The philosophy of the social services', 3 February 1961, 'Social services and the distribution of income', 28 March 1961, and minutes, 15 March 1961; CPA ACP (61) 89: Interim report, April 1961

<sup>41</sup> e.g. G. Howe, 'Reform of the social services', in D. Howell & T. Raison (eds.), *Principles in practice* (CPC, London, 1961), p72

*'Provocation of Nemesis': the 1962 hospital plan*

Despite this willingness to question the very basis of the NHS, in January 1962 Powell announced details of its most ambitious planning project yet: hospital plans for ten to fifteen years ahead. This was a formidable undertaking. Even Powell lauded 'the opportunity to plan the hospital service on a scale not possible anywhere else, certainly on this side of the Iron Curtain'.<sup>42</sup> The Plan was certainly wide-ranging and optimistic. It contained estimates, definite for the first five years and provisional thereafter, for most aspects of the hospital service: bed totals, numbers of new hospitals or redeveloped old sites that would be necessary to meet needs, and the staff required.<sup>43</sup> The Plan contained three new elements: the length of the time-horizon, the size of the programme, and the detail with which central government outlined its objectives.

This project, extraordinary for the Tory tribune and arch free-marketer, seems at odds with the whole thrust of policy since 1951.<sup>44</sup> At first sight, it also seems strange that the Treasury would agree to a programme that from the outset implied increased public expenditure. There had indeed been initial opposition to announcing capital allocations for years ahead from the Treasury, one official concluding that 'if the idea is to be specific about building 15 years in the future, it is a provocation of Nemesis'.<sup>45</sup> To some extent this paradox can be resolved by noting the propitious appointment to key posts, almost at the same time, of three highly able and dynamic administrators: Powell himself, Bruce Fraser, the new Permanent Secretary recruited from the Treasury, and George Godber, the Chief Medical Officer.<sup>46</sup> These men were able to persuade the Treasury of their case, Fraser being especially valuable in this respect. However, that cannot explain why they latched onto 'planning', a decision which had more deep-seated roots.

---

<sup>42</sup> Webster, *Services*, II, pp. 106-7

<sup>43</sup> Cmnd 1604, *Hospital plan for England and Wales* (January 1962), pp. 3-5, 274-5; Cmnd 1602, *Hospital plan for Scotland* (January 1962), pp. 17-18, 20-22, 32

<sup>44</sup> Shepherd, *Powell*, p. 222

<sup>45</sup> PRO MH 137/40: Marre to Robertson, 'Hospital capital development', 1 January 1960

<sup>46</sup> Heffer, *Powell*, p. 267



One of the driving forces behind the Plan was the extent of the need for investment. Nearly half the hospitals inherited by the NHS dated back to before 1891. Many of these, laid out at a time when the main reason for going to hospital was to die, were not suited to modern medicine.<sup>47</sup> The government had been boosting hospital capital spending since 1955, though slowly at first (see *table VI.3*). By the time they issued the Plan, they had brought yearly spending at 1951 prices up from £11.3m in 1954/55 to £28.6m in 1961/62. This was a reaction to political pressure: the Guillebaud Report forced the Government's hand, recommending as it did £30m a year spending on hospital capital development. It was in reaction to Guillebaud that the Treasury was persuaded to undertake the first limited 'forward look', to 1958/59, and the £24m that they agreed to for that year.<sup>48</sup> Of course, this hardly matched Guillebaud's recommended target, and took three years even to get to that level.

If the large capital sums involved in the new forward programme were to be spent wisely, the Ministry recognised RHBs' need for more stability. These were the only organisations that possessed the data and experience to undertake large capital projects. Initial long-term forecasting work done by the Oxford and Wessex RHBs, in which the Ministry had taken a close interest, had been the first example of what could be achieved with this type of planning.<sup>49</sup> The Ministry therefore relied on RHB evidence when compiling the Plan: they were asked in January 1961 to send in returns of how they thought their services would look after ten years. Boards, however, were given only until the end of May to reply.<sup>50</sup>

---

<sup>47</sup> Cmnd 1604, *Plan*, p. 1

<sup>48</sup> PRO T 227/1168: Richards memorandum to Treasury investment committee, 'Investment review 1956', 9 November 1956

<sup>49</sup> G. Godber, *The Health Services* (Athlone Press, London, 1975), pp. 34-5

<sup>50</sup> PRO MH 119/15: MOH Hospital Memorandum, 'Hospital building', 17 January 1961

Table VI.3. Hospital capital spending, GB, 1951/52-1963/64

	<i>GB spending, £m</i>	<i>At 1951 prices, £m</i>	<i>% increase</i>
1951/52	10.8	10.8	0.9
1952/53	11.1	10.5	-2.9
1953/54	10.1	9.3	-11
1954/55	12.5	11.3	21.4
1955/56	13.1	11.5	1.3
1956/57	15	12.6	9.4
1957/58	20.1	16.3	29.7
1958/59	22.5	17.7	8.8
1959/60	24	18.8	6.2
1960/61	27.2	21.1	12.3
1961/62	37.9	28.6	35.2
1962/63	42.2	30.7	7.3
1963/64	61.2	43.9	42.9

Sources: Cmnd. 1604, *Hospital plan for England and Wales*, pp. 1-2

Cmnd. 1602, *Hospital plan for Scotland*, p. 12

DHSS, *Health and personal social services statistics 1972* (HMSO, London, 1973), table 2.3, p. 18

Scottish Office, *Scottish health statistics 1970* (HMSO, Edinburgh, 1972), table 10.3, p. 144

However, many of the returns were so varied that some officials thought them unusable. The variation in bed numbers, Fraser admitted, were a 'good deal greater than can be justified by known local differences': 'it is not clear how far we are justified in going in saying they are wrong'.<sup>51</sup> Another civil servant minuted:

The quality of [RHB] work and presentation varies enormously. At the one end, the Oxford RHB have presented a reasonably compact document form which it is possible to see their present resources, need, the reason for the need, the proposals for satisfying it and the result of what is proposed. At the other, the East Anglian Board have produced a largely unargued list of schemes and made no allowance for other than major schemes in the second part of the programme.<sup>52</sup>

This was not due purely to shortcomings on behalf of RHBs. The art of relating bed needs to regional populations was still in its infancy, as the Scottish Plan admitted: 'assessments of bed need cannot be made in the abstract, and they are difficult to define with accuracy... very little accurate information has as yet been taken out and analysed'.<sup>53</sup>

One reason for the uncertainty was the immediate political motivation for planning. The Plan was not necessarily expansionist at all, for behind the increases in

<sup>51</sup> PRO MH 134/40: Fraser to Powell, 16 June 1961

<sup>52</sup> PRO MH 137/42: Gedling memorandum, 'Long term proposals', 8 June 1961

<sup>53</sup> Cmnd 1602, *Plan for Scotland*, p. 13

the capital programme lay a bargain with the Treasury to restrain overall expenditure. Powell, as we have seen, had already shown himself assiduous in seeking savings in the Cabinet debates of 1960-61. When the search for cuts took on a new urgency in the economic crisis of 1961, he was quite willing to accept a cap of 2.5% on increases in total spending. Capital development, that instrument of 'true economy', would continue, but current spending would have to be controlled.<sup>54</sup> Selwyn Lloyd was left free to include Health in his limit on public expenditure rises, announced on 25 July 1961.<sup>55</sup> Powell's shadow, Kenneth Robinson, highlighted the inevitable consequences in 1963. A 'maintenance squeeze' would simply replace 'capital starvation', since the hospital service would receive new investment, but at the 'price' of current spending.<sup>56</sup>

The idea behind this deal was the hope that capital expenditure would help to save money. Although of course a larger hospital service would raise *total* running costs, current expenditure *per patient* or *per operation* might be reduced through the encouragement of modern medicine and management. Clarke outlined this to Fraser in November 1960. 'It will be very important if we find that capital expenditure... is reasonably "economic", i.e. if it makes possible savings of running costs', he wrote: 'If on the other hand, we find that the capital expenditure involves increases in running costs, this will act as a brake'.<sup>57</sup> Powell originally sold the idea to Butler with the hope they could establish 'real financial control over both current and capital spending'.<sup>58</sup> Indeed, this was one of the reasons Powell was so ready to accept the Treasury's overall spending limits. When he held the first of his meetings with chairmen of RHBs in December 1960, part of Powell's brief to them was to work out how new building would affect the future current costs of the NHS.<sup>59</sup>

---

<sup>54</sup> PRO T 227/1380: Powell to Selwyn Lloyd, 17 July 1961, Selwyn Lloyd to Powell, 19 July 1961; Bavin to Robertson, 'Estimates 1962/63', 15 October 1961

<sup>55</sup> *House of Commons debates*, vol. 645, col. 224: Selwyn Lloyd statement, 25 July 1961

<sup>56</sup> *House of Commons debates*, vol. 677, cols. 441-2, 444: Robinson, NHS debate, 8 May 1963

<sup>57</sup> PRO MH 137/41: Clarke to Fraser, 'Hospital building', 29 November 1960

<sup>58</sup> PRO MH 134/40: Powell to Butler, 20 December 1960

<sup>59</sup> PRO MH 90/83: MOH/ RHB Chairmen meeting, minutes, 20 December 1960

The Ministry's growing knowledge of actual RHB practice was a vital part of this search for economy. As the estimates of beds needed for declining diseases such as TB fell, the Ministry became increasingly confident that there were savings to be made.<sup>60</sup> It had also been working for years to systemise and encourage hospital costing, and in 1961 concluded that 'costing investigation is well established as a matter of routine with the majority of hospital authorities'.<sup>61</sup> But there was a large gap between knowing how much services cost, and judging whether they ought to cost that much. The Plowden Report itself had recognised this, concluding that 'an improvement in the method of... making purposeful "forward looks" depends on whether it is possible to measure the services provided by different units and to express both the services and the cost of providing them in quantitative terms'.<sup>62</sup> Nor did new information solve dilemmas as to whether some services should be developed rather than others.

Increasing confidence, though not quite at the pitch reached at Education and Housing, was being placed in 'scientific' techniques, especially as expressed in industrialised building. The Ministry established its own Architects' Branch, imitating that at Education, in 1958.<sup>63</sup> Civil servants worked with the DSIR's Building Research Station on cost norms, hospital design and engineering systems.<sup>64</sup> The BRS circulated hospitals, conducting a survey as to how capital investment affected running costs. The implication was clearly that they expected more modern plant to allow more efficient use of resources.<sup>65</sup> The most potent expression of this ideology of rationalisation was the Ministry's Building Notes, which were issued during 1961, as

---

<sup>60</sup> D. Allen, *Hospital planning: the development of the 1962 hospital plan* (Pitman Medical, London, 1979), p. 54;

J. Allsop, 'Health: from seamless service to patchwork quilt', in D. Gladstone (ed.), *British social welfare: past, present and future* (UCL Press, London, 1995), pp. 99-100, 105-6

<sup>61</sup> PRO MH 137/67: MOH memorandum, 'Summary of action taken by hospital authorities on the Hospital Costing Returns for year ended 31st March, 1961', (?1961); PRO T 227/1546: Hollens to Boys, 10 June 1960

<sup>62</sup> Cmnd 1432, *Control*, pp. 11-12

<sup>63</sup> Webster, *Services*, II, p. 99

<sup>64</sup> PRO MH 133/231: Tatton-Brown to Lea, 5 October 1959, BRS note, 'Hospital work at BRS', October 1959, Lea to Tatton-Brown, 10 February 1960, MOH/ BRS meeting, minutes, 28 March 1960

<sup>65</sup> PRO MH 123/232: Stone to HMC Chairmen, enclosing questionnaire, 31 December 1960

work on the Plan progressed.<sup>66</sup> Alongside work with the DSIR, the Ministry also worked on cost targets for different buildings, comparing RHBs' performance with that of Education, the armed services, and housing.<sup>67</sup>

Such work was by its very nature *permissive*. It did not direct change, but rather set limits based on the habits hospitals had already formed. This placed Whitehall at the mercy of events beyond its control. Even as central government put out its requests for figures, in the winter of 1960-61, the Ministry was forced into conflict with the Treasury over hospitals' estimates of rising current costs, which it put at 9% a year. Clarke fulminated against their techniques, asking whether some of the Hospital Management Committees had 'any really positive financial management and control.'<sup>68</sup> His anger was understandable. The Ministry was appealing to rising building costs and wages to simply raise the limits in its draft Building Notes: hardly the 'control of public expenditure' Clarke or Plowden had in mind.<sup>69</sup> It was not just technical judgements about costs that were affected by continuing uncertainty. Calculating how new building would affect running costs was only at a theoretical stage in 1961-62.<sup>70</sup> The promises and claims being made at the time about savings thus seem rash, at the very least.

This had short-term consequences for the whole programme, since the current cost savings that had been hoped for were not achieved. Fraser had to inform Clarke of this in the summer of 1963, fearful of the 'arbitrary beastliness' that would be involved in trying to get within his allocated total. The Ministry was also hamstrung when it searched for savings elsewhere in the programme, for it could not control the local authority health and welfare budget, or directly influence running costs. Not

---

<sup>66</sup> e.g. MOH, *Hospital building note 4: accommodation for nursing staff* (HMSO, London, September 1961);

MOH, *Hospital building note 12: outpatient department* (HMSO, London, December 1961)

<sup>67</sup> PRO T 227/1741: Treasury memorandum to Gedling, 'Cost target - nurses' homes', 16 September 1960,

Robinson to Douglas, 18 October 1960; Cmnd. 1602, *Plan for Scotland*, pp. 40-2

<sup>68</sup> PRO T 227/1546: Clarke to Fraser, 'Hospital building costs', 31 January 1961

<sup>69</sup> PRO T 227/1746: Aldridge to Douglas, 'Draft building note no. 2', 3 March 1961

<sup>70</sup> PRO MH 123/232: Tatton-Brown to Amery, 25 April 1962; PRO MH 133/233: MOH divisional memorandum 22, 'Progression of building schemes', August 1962

surprisingly, given the whole point of the exercise, Clarke was 'not sympathetic' to changing their 1964/65 PESC allocations from the projected totals.<sup>71</sup> Accordingly, the Treasury offered £4m more (nearly all the Ministry had wanted) for hospital running costs in that year, but only provided hospital capital projects were reined back.<sup>72</sup> This was but the first of many delays to the Plan, which began to look hopelessly optimistic.

As a means of gaining more resources for hospital building, and stimulating the first profound thoughts about the future of the hospitals since 1948, the Hospital Plan was a remarkable document. Unfortunately, it was inadequate as it stood. One internal MOH memorandum is indeed quite frank about the 'absence of yardsticks for measuring either what standard of service is reasonable or what quantity of resources can reasonably be employed to provide any particular standard'. In this situation, it was an understatement to admit that 'examination of the Estimates will not be an easy task'.<sup>73</sup> The Plan, although it contained a number of highly educated guesses, was still guesswork, relying on incomplete technical work; and also on incomplete and inadequate information.

---

<sup>71</sup> PRO T 227/1380: Fraser to Powell, 'Hospital running costs', 25 June 1963, Fraser/ Clarke meeting, minutes, 28 June 1963

<sup>72</sup> PRO T 227/1380: Boyd-Carpenter to Powell, 30 July 1963, Powell to Boyd-Carpenter, 1 August 1963

<sup>73</sup> PRO MH 137/46: MOH memorandum, 'Hospital running costs: handling of "forward look" estimates', April 1962

*'People who need care': local authority health and welfare plans, 1962-64.*

There was also growing political pressure to increase spending on local health and welfare services, for the late 1950s and early 1960s saw government's first advocacy of 'care in the community'. This was partly a by-product of the hospital building programme and the preoccupation with reducing hospital running costs, for if more of the long-term sick and mentally ill could be moved out of hospital beds, those running costs could be further reduced. Indeed, Health Ministers were not slow to recommend local health and welfare plans as 'on economic as well as social grounds... the best - and indeed, in the long run - the only method of containing hospital costs'.<sup>74</sup> Even though more beds were planned for the mentally ill and geriatric patients in the Hospital Plan, the hope was that much faster turnover rates in general hospitals, with faster discharge, would allow their more efficient use.

Expert opinion outside government, however, had much more explicitly expansionist aims for community care. The Younghusband Report, named after the chair of the official Working Party that issued it, Eileen Younghusband, was crucial here, since it recommended a large expansion in the number of social workers. Younghusband had played a major role in putting social work 'on the map', both in establishing the first social work course at the LSE and through the Family Welfare Association.<sup>75</sup> Her report included the first comprehensive survey of such work, conducting five field studies and taking evidence from 79 organisations.<sup>76</sup> She recommended a two-tier profession, with graduates in specialist fields (such as psychiatric social work) in general charge of case-loads, and holders of two-year Social Work certificates dealing with lower-level physical care in the community. But to train 5,500 of these general purpose social workers, with an existing workforce of only 257, as Younghusband recommended, constituted a revolution that might cost

---

<sup>74</sup> PRO T 227/1334: Walker-Smith to Boyle, 14 April 1960

<sup>75</sup> K. Jones, *Eileen Younghusband* (Bedford Square Press, London, 1984), pp. 49-50, 56-7; J. Lewis, *The voluntary sector, the state and social work in Britain* (Edward Elgar, Cheltenham, 1995), pp. 101, 103-5, 111

<sup>76</sup> *ibid*, pp. 73-4

£4m a year, a large part of a relatively small budget.<sup>77</sup> However, given that this would be 'useful and popular' in Powell's words, the Government agreed the expansion.<sup>78</sup>

The Government was also confronted with the problem of an ageing population, which would need increasing amounts of residential care. Indeed, forecasts made in the early 1960s were of a 26% rise in the number of over-65s between 1960 and 1975. This would entail a rise in the small percentage of total health spending going to welfare homes for the old (8% in 1960), as well as increasing bed demands in hospitals for diseases associated with old age.<sup>79</sup> By 1960-61, the lists of the elderly waiting to get into such homes, and of capital projects refused by government, were growing. When the Ministry began to consider the savings that could be made through more residential care, in terms of hospital beds vacated, the programme was allowed significantly to grow.<sup>80</sup>

More spending on facilities for the mentally ill was also being demanded. The Royal Commission on the Law Relating to Mental Illness, which reported in May 1957 recommended 'no more restriction of liberty or legal formality than is applied to people who need care because of other types of illness'.<sup>81</sup> New drugs and psychological counselling techniques fostered confidence in treatment outside residential institutions.<sup>82</sup> The process of running down the resident population of the mentally ill in NHS institutions had been going on since the mid-fifties (see *table VI.4*). This, however, presented a problem for the Government, for the 'residential hostels and homes... training, occupational and social centres' which the Royal

---

<sup>77</sup> PRO CAB 134/1982: Powell, Noble memorandum to Home Affairs Committee, 'Social workers and health visitors', 15 July 1960; PRO CAB 134/1980: Home Affairs Committee, minutes, 22 July 1960

<sup>78</sup> PRO MH 130/245: Powell to Butler, 21 July 1961, 22 September 1961; *House of Commons debates*, vol. 649, cols. 1686-7, 1690-1: Second Reading debate, Health Visitors and Social Workers Training Bill, 24 November 1961

<sup>79</sup> Paige & Jones, *Welfare*, table 1, p. 4, table 4, p. 13, table 13, p. 62

<sup>80</sup> PRO T 227/1168: Workman to Thorley, 31 August 1956; PRO T 227/1170: Boys to Rossiter, 8 January 1960

<sup>81</sup> Cmnd 169, *Report of the Royal Commission on the law relating to mental illness and mental deficiency* (May 1957), pp. 3-4

<sup>82</sup> Helen Jones, *Health and society in twentieth century Britain* (Longmans, London, 1994), pp. 142-3



Commission thought should be provided by local authorities as a statutory duty would be expensive. Out-patient care, and co-ordination between local authorities and hospitals, would also have to be improved.<sup>83</sup>

*Table VI.4. Mental illness, resident population of NHS hospitals, GB, 1951-64*

	<i>Resident population</i>
1955	146.9
1956	145.6
1957	143.2
1958	142.8
1959	139.1
1960	136.2
1961	135.4
1962	133.8
1963	127.6
1964	128.7

*Source:* Paige & Jones, *Welfare*, table 15, p. 78

The Mental Health Bill of 1959 did not impose more statutory duties on local authorities, since this would might incur unforeseen expenditure and would breach the recently established principle of general grants for current spending.<sup>84</sup> The Government preferred to secure new facilities for the mentally ill and mentally handicapped through administrative means, and Circular 9/59, issued in May 1959, outlined the range of new provision that was expected of councils. Later in 1959, local authorities were asked to provide MOH with details of the services they would provide.<sup>85</sup> Some progress had already been made. Walker-Smith was able to cite increasing expenditure on mental health in the debates on the Mental Health Bill: it had risen from £2.3m in 1954/55 to £4.1m in 1958/59.<sup>86</sup> This caused great strain on local authority finances, with the health and welfare component of the new block grants outstripping the growth of other sectors.<sup>87</sup>

<sup>83</sup> Cmnd 169, *Report*, p. 19

<sup>84</sup> PRO T 227/1168: Thomeycroft to Walker-Smith, 23 December 1957

<sup>85</sup> PRO MH 119/13: Circular 9/59, 4 May 1959; PRO MH 134/12: CCA/ MOH meeting, minutes, 17 November 1959, Dacey letter to County Councils, 2 December 1959

<sup>86</sup> *House of Commons debates*, vol. 598, cols. 719-20: Walker-Smith, Mental Health Bill Second Reading debate, 26 January 1959

<sup>87</sup> K. Young & N. Rao, *Local government in Britain since 1945* (Blackwell, Oxford, 1997), p. 132

The new emphasis on these services caused tensions at the highest level of government in 1959-60, as MOH took submissions from councils for building plans from September 1959.<sup>88</sup> The extent of need, after years of restrictions, was shown by the scale of local authority bids, which totalled £23m, of which MOH was able to provide just under £14m for 1960/61 approvals, most of the money actually being spent in 1961/62.<sup>89</sup> The argument with the Treasury that led to this increase had two consequences for local authority planning. The first was that the Treasury conceded that MOH could spend at least the amount they had in 1961/62 in 1962/63 and 1963/64, and agreed to applications up to half of this total for health and welfare projects two years ahead.<sup>90</sup> It was also at this time that Treasury officials, hoping to achieve more control over this sector of public spending, suggested it be re-defined as a 'major' programme, and thus brought under the five-year structure of PESC. MOH would therefore have to ask councils for projections over that period.<sup>91</sup>

Local authority associations had been arguing for a longer planning horizon since the Royal Commission on Mental Health had reported.<sup>92</sup> Consultation was begun in Circular 2/62, issued alongside the Hospital Plan, for officials had to find out how well-founded were their assumptions on in-patient care, welfare homes for the elderly, maternity beds, and mental health provision. The Circular called for two five-year plans, along the lines of the Hospital Plan, covering not only loan approvals for capital work but also staff numbers and running costs, along with building projects ranked in order of priority.<sup>93</sup> The White Paper detailing the returns was, therefore, based on local plans and knowledge.

---

<sup>88</sup> PRO MH 119/13: Circular 25/59, 15 September 1959

<sup>89</sup> PRO T 227/1336: Embling, MOH, to Bryars, Treasury, 'Local health and welfare services', 13 June 1961

<sup>90</sup> PRO T227/1335: Robertson to Bavin, 30 March 1961

<sup>91</sup> PRO MH 137/140: Emery to Williams and Dodds, 8 October 1959, Treasury to Departments, 'Public sector investment', 29 October 1959; PRO T 227/1170: Boys to Bourton, 'Local health and welfare investment', 5 February 1960; PRO MH 137/40: Bourton to Emery, 9 February 1960

<sup>92</sup> e.g. PRO MH 80/85: Dacey to Hedley, 'Mental illness: report of the Royal Commission', Report of CCA sub-committee on the subject, 6 November 1957

<sup>93</sup> PRO MH 119/13: Circular 2/62, 23 February 1962

*Table VI.5. LHA capital expenditure, selected categories, 1959-64, England and Wales (current prices, £m)*

	<i>1959/60</i>	<i>1960/61</i>	<i>1961/62</i>	<i>1962/63</i>	<i>1963/64</i>
Residential accommodation	5.5	8.27	9.03	9.48	9.98
Mental health	1.33	2.75	4.12	2.5	5.19
Ambulances	0.72	1.01	0.74	0.73	0.81
Health centres and clinics	1.04	2.22	1.46	1.57	2.41
Nurse and midwife accommodation	0.2	0.25	0.18	0.25	0.29
Other	0.098	0.068	0.23	0.15	0.29
<b>Total (incl. other categories)</b>	<b>9.03</b>	<b>14.61</b>	<b>16.03</b>	<b>15.18</b>	<b>19.32</b>

*Sources: MOH reports, 1961, table S, p. 233, 1963, table 35, p. 102, 1964, table 40, p. 112*

Large increases in the numbers of health visitors, home helps, nurses and residential accommodation for the elderly, as well as psychiatric and other social workers, were proposed in the returns. Places in homes for the elderly in England and Wales would rise from 90,448 to 132,923 by 1972, which, given replacement of old buildings as well as building new ones, might cost over £100m. Numbers of social workers were to increase from 2,943 to 4,879, and home helps from 25,478 to 37,083. Overall, training centres and hostels costing nearly £46m were to be built.<sup>94</sup> Even this did not fulfil the hopes of some in the Ministry. One again, there were large differences in the quality of provision proposed, which were not adequately explained by the different numbers of elderly or sick in the locality. It had no means, however, of understanding why this should be so, nor of forcing councils to act. The White Paper urged councils to step up their rate of growth, which was ‘not fast enough’, but they were in no sense required to do this.<sup>95</sup> In Fraser’s words, the local authority ‘plan’ was ‘a signpost rather than a map’.<sup>96</sup>

<sup>94</sup> Cmnd 1973, *Health and welfare: the development of community care* (April 1963), tables I (a), I (c), II, IV, pp.

366-7

<sup>95</sup> *ibid*, pp. 5, 7-8, 14-21, 24

<sup>96</sup> PRO MH 134/40: Fraser to Powell, 12 April 1961

*Table VI.6. LHA current expenditure, selected categories, England and Wales, 1950/51 and 1959/60 to 1963/64 (current prices, £m)*

	1950/51	1959/60	1960/61	1961/62	1962/63	1963/64
Health centers	0.05	0.07	0.07	0.10	0.12	0.12
Mothers and children	8.58	9.45	9.34	10.28	10.78	11.61
Health visitors	2.43	4.29	4.44	4.89	5.18	5.72
Home nurses	3.83	7.82	7.88	8.47	8.83	9.94
Domestic help	3.12	8.86	9.49	10.83	11.32	12.72
Mental health	1.59	4.09	4.96	6.32	7.94	9.28
<b>Total (incl. other categories)</b>	<b>34.28</b>	<b>63.70</b>	<b>66.68</b>	<b>75.67</b>	<b>80.17</b>	<b>88.32</b>

*Sources: MOH reports, 1961, table S, p. 233, 1963, table 35, p. 102, 1964, table 40, p. 112*

*Table VI.7. LHA total expenditure, selected categories, Scotland, 1959/60-1963/64 (current prices, £000s)*

	1959/60	1960/61	1961/62	1962/63	1963/64
Health centres	11	14	15	34	23
Mothers and children	847	798	834	943	960
Health visitors	552	537	583	629	727
Home nurses	1,070	1,028	1,080	1,151	1,298
Ambulances	1,089	1,286	1,331	1,356	1,501
Mental health	210	249	291	313	359
<b>Total (incl. other categories)</b>	<b>4,149</b>	<b>4,193</b>	<b>4,463</b>	<b>4,890</b>	<b>5,070</b>

*Sources: SHHD reports, 1962, p. 38, 1963, p. 32, 1964, p. 37; Scottish health statistics, 1970, tables 10.5, 10.8, pp. 145-6, 1973, table 10.8, p. 167*

*Table VI.8. Local authority health and welfare services, 1967: projection and reality, England and Wales (staff nos. are whole-time equivalents)*

<i>Service</i>	<i>Cmd. 1973 plan</i>	<i>Reality</i>	<i>Difference from plan</i>
Health visitors	6,698	5,549	-17.2%
Home nurses	32,250	31,989	-0.8%
Home helps	8,854	8,572	-3.2%
Midwives	6,232	5,118	-17.9%
Social workers	4,295	4,909	+14.3%
Residential places, 65+s	117,621	118,194	+0.5%
'Mentally subnormal', training places, <16s	21,828	18,545	-15.0%
'Mentally subnormal', training places, >16s	22,847	20,702	-9.4%

*Sources: Cmd. 1973, Health and welfare, tables 1 (a)-(c), pp. 366-7; Cmd. 3702, MOH report 1967, tables 39, 43-5, 48, pp. 124-5, 129, tables 47, 51, 53, pp. 129, 132, 137*

The problem was that central government did not have perfect knowledge of local needs. The Ministry was confident that the actual numbers of handicapped and mentally ill could be predicted. It was much less sure of the need for ambulance stations, hostels for the mentally ill, and home care for the elderly: demand for these

was dependent on the uncertain course of change in the hospital service.<sup>97</sup> In the case of mental health provision, it was clear that there was really no way of judging the impact of new treatments that could help sufferers live longer.<sup>98</sup> 'It is doubtful', one paper on this problem concluded, 'whether even at the end of ten years' experience of planning any standard pattern... will have emerged'. Patient numbers per head of population appear to have been reached simply by taking the average provision over the whole country.<sup>99</sup> It was clear that 'further research and study [was]... required on a large number of points', which had not even begun by the time the White Paper was actually issued.<sup>100</sup>

Preparations for a five-year programme did stimulate spending on these services. By summer 1962 spending on local health and welfare was forecast to rise from £107.5m to £132.5m per annum between 1961/62 and 1965/66. Large increases in most types of service are evident in *tables VI.5 - VI.7*.<sup>101</sup> This did not mean, however, that the targets envisaged in the White Paper had been met. In fact, current spending, increasing at 4% per annum, was rising at only half the rate foreseen for England and Wales in Cmnd. 1973. The results of this are clear from *table VI.8*. As for capital expenditure, the White Paper had projected over £30m per annum; in fact, even though notional spending went up to over £20m, local authorities tended to lag behind the theoretical allocation.<sup>102</sup> Local authority 'planning' had instilled a longer-term view of capital projects, and a better sense of priorities: but as for its actual scope and quality, including its relationship to the hospital service, the situation was just as uncertain as ever.

---

<sup>97</sup> PRO MH 134/40: Dodds to Russell-Smith, 'White Paper on the future of the hospital service: local authority aspect', 9 February 1961, O'Brien to Rayner, 6 June 1961; Webster, *Services*, II, pp. 125-6

<sup>98</sup> PRO MH 134/20: Draft White Paper, 'Local authority long term plans, mental health services', December 1962

<sup>99</sup> PRO MH 134/20: MOH memorandum, 'Local authority long term plans: mental health services', (?August) 1962

<sup>100</sup> PRO MH 154/69: Russell-Smith to Fraser, 'Local authority health and welfare services', 9 May 1963

<sup>101</sup> PRO T 227/1380: Douglas to Carswell, 'PESC: Health Departments' forecasts to 1966/67', 11 May 1962

<sup>102</sup> Webster, *Services*, II, p. 127

*Labour's NHS: Expenditure and provision.*

As they promised, Labour did spend more on the NHS, and at a faster rate.<sup>103</sup> The average annual growth rate of resources was 2.46% between 1951 and 1964; under Labour it was 5.67% (see *charts VI.3-VI.4*). In comparison with the other social services – for instance education (see *table IV.5*) and housing (see *table V.2*) the NHS came closest to reaching its National Plan projections – though local health and welfare spending was clearly markedly below target (see *table VI.9*). One reason for this relative protection was the accelerating capital and current budget Labour inherited, for RHBS, with the more certain financial environment, were pressing ahead with expenditure more quickly than expected. On taking office Robinson had to appeal for an extra £4-5m a year from 1966/67, as well as an immediate £4m to meet hospitals' 1964/65 overspending. Callaghan, under pressure from the rest of the Cabinet, was forced to agree the former, though able to defer the latter decision.<sup>104</sup> However, even though in early 1965 the Chancellor secured a Cabinet promise (in Robinson's absence) of limiting all public expenditure plans to 4.5% annual growth, he eventually had to concede an immediate £5m on hospitals, bringing the 1965/66 capital programme to £68m.<sup>105</sup>

The Ministry soon wanted more. Given that RHBs were going ahead faster than they had thought possible, they also demand<sup>ed</sup> (and secured) a rescheduling of the programme, to bring forward £5m of the spending apportioned to 1968/69 and 1969/70 to 1966/67 and 1967/68.<sup>106</sup> However, MOH had to accept both the National Plan's basic spending increase of 22.5% by 1970, and the capital standstills of July

---

<sup>103</sup> For Labour's pledges e.g. Labour Party, *Members one of another* (Labour Party, London, 1959), passim; *idem*, *Let's go with Labour* (October 1964), pp. 15-16

<sup>104</sup> PRO T 227/1382: Robinson, Ross to Callaghan, 22 October 1964; PRO CAB 129/119: Callaghan memorandum to Cabinet, 'Queen's speech: public expenditure', 28 October 1964; PRO CAB 128/39: Cabinet minutes, 28 October 1964

<sup>105</sup> PRO CAB 128/39: Cabinet minutes, 28 January 1965; PRO T 227/1317: Callaghan to Robinson, 8 February 1965; PRO T 227/1382: Callaghan to Robinson, 9 February 1965, Robinson to Callaghan, 18 February 1965

<sup>106</sup> PRO T 227/1317: Adams to Rampton, 'Hospital building programme', 13 May 1965

1965 and 1966, though these latter limits did not apply to hospitals.<sup>107</sup> Though MOH did manage to secure nearly £1m extra for running costs in their 1966/67 programme, by now forecast spending was so seriously out of line with the Ministry's demands that Robinson wrote a special appeal to Callaghan.<sup>108</sup> In this he pointed to 'equipment utterly inadequate for modern practice', 'public and professional criticism of the services', the rising population and the fact that public spending had been rising more slowly on the NHS than most other services. He also included an alarming new Ministry estimate: £6bn would be needed to provide new, modern District General Hospitals for the whole of Britain, entailing annual capital spending of £170m, or double the present budget.<sup>109</sup>

Table VI.9. National Plan spending increases and reality, GB, 1964/65-69/70 (1965 prices)

	1964/65 expenditure	1969/70 planned expenditure	1969/70 real expenditure	Projected % increase	Real % increase
Hospitals (current)	657	751	821.96	14.31	25.11
Hospitals (capital)	72	115	104.67	59.72	45.38
Executive Council services	314	374	379.74	19.11	20.94
Welfare foods	41	45	32.46	9.76	-20.84
LHA health	125	166	137.13	32.80	9.70
LHA welfare	69	100	79.52	44.93	15.24
<b>NHS total</b>	<b>1238</b>	<b>1598</b>	<b>1583.87</b>	<b>29.08</b>	<b>27.94</b>

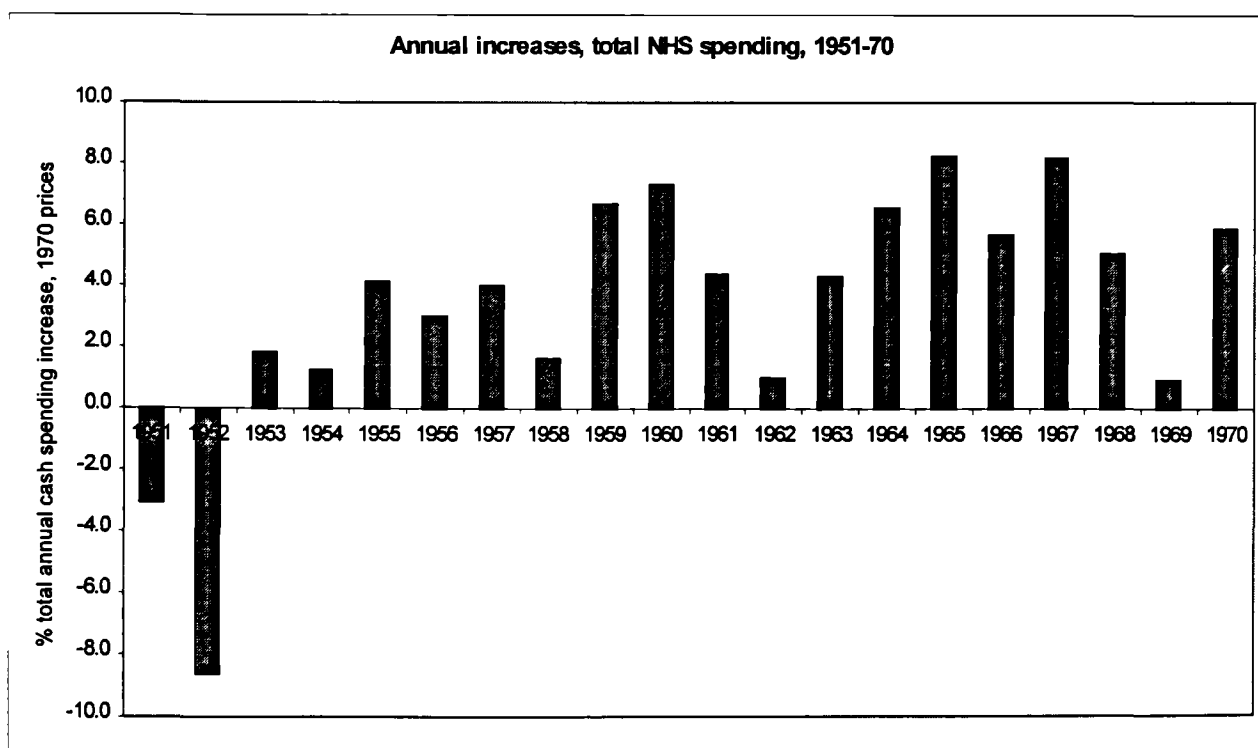
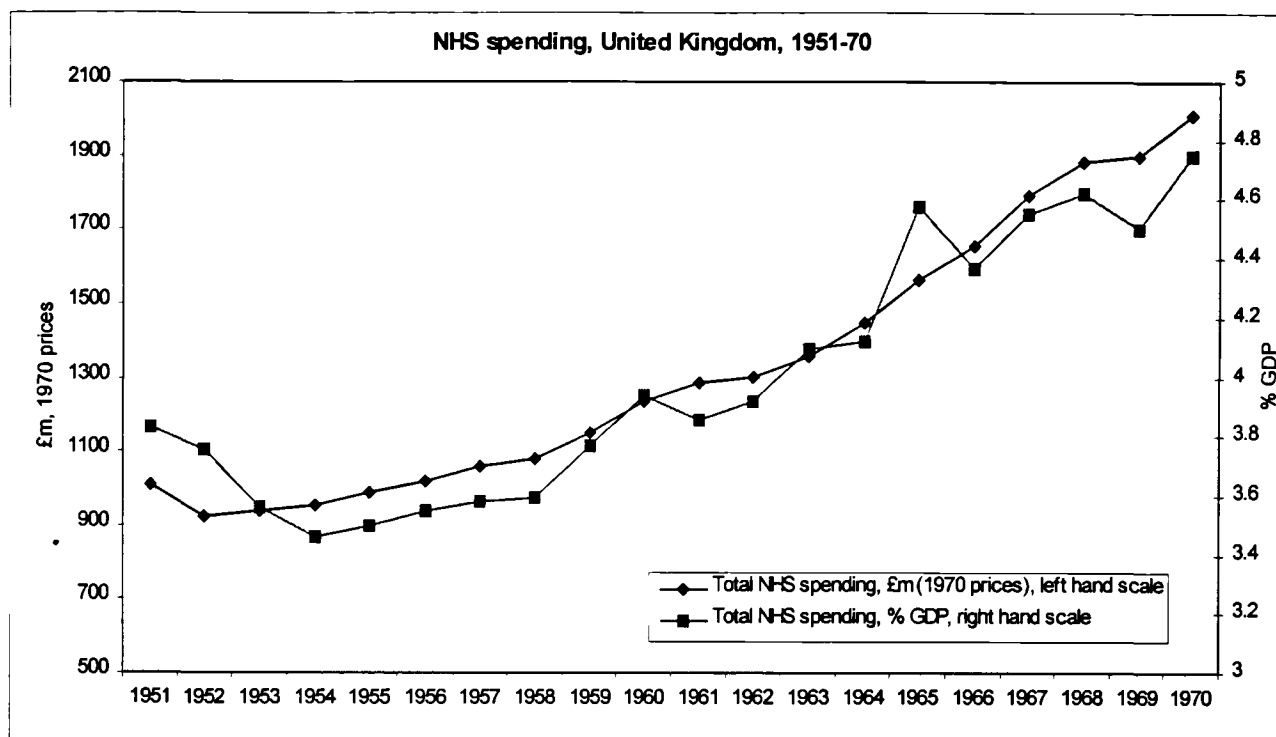
Sources: Cmnd 2764, *Plan*, table 20.2, p. 185; DHSS, *Health and personal social security statistics* (HMSO, 1973), table 2.1, p. 17

<sup>107</sup> PRO T 227/2264: Robinson to Callaghan, 21 July 1965; PRO MH 119/19: MOH Circular 20/65, 20 September 1965; PRO MH 119/21: Circular 4/66, 14 February 1966

<sup>108</sup> PRO MH 166/339: Adams to Mottershead, 'Hospital revenue estimates 1966/67', 11 February 1966

<sup>109</sup> PRO T 227/2818: Robinson to Callaghan, 22 June 1966

Charts VI.3, VI.4. NHS spending, UK, 1951-70



Source: Webster, *Services*, II, pp. 802-3



This was out of the question in 1966-67. Reductions to meet government spending targets were much more likely, and Cabinet asked Robinson to re-assess staffing needs, as a start.<sup>110</sup> Part of the reason for the loss of patience inside the Treasury was that the NHS current costs index, which the Government used to re-value its spending projections year by year, showed no signs of slowing its gradual climb. Capital spending was not bringing down current costs to the extent that they had been promised.<sup>111</sup> Robinson's promise to review staff needs, therefore, was only the first stage of a new set of restraints. Following devaluation, Jenkins sought and obtained programme cuts of £59m for 1968/69 and £57m for 1969/70. Although hospitals' capital spending was safeguarded for political reasons, local authority health and welfare was cut back, although only slightly at first.<sup>112</sup> The Treasury secured another £10m in current spending reductions for 1968/69, though their attempts to reduce capital spending further were frustrated.<sup>113</sup>

This was to be the limit of their success. Returning to the attack in July 1969, Jenkins demanded a reduction in the 1970/71 civil programme of £160m; his 'medium' estimate of the contribution made by health and welfare was £44m.<sup>114</sup> £9m would come from delays in the number of hospital building starts.<sup>115</sup> Crossman, by now Secretary of State for Social Services, put up a hard fight against cuts in the hospital programme, and eventually won. Reductions for 1970/71 were whittled down

---

<sup>110</sup> PRO CAB 129/131: Callaghan memoranda to Cabinet, 'Public expenditure: areas of choice', 15, 21 June 1967, 'Public expenditure: proposed adjustments', 7 July 1967; PRO CAB 128/42: Cabinet minutes, 12, 20 July 1967

<sup>111</sup> PRO T 227/2231: Baldwin to Anson, 14 July 1966, Anson to Aldridge, 18 July 1966; PRO T 227/2553: Brough to Langdon, 'Hospital capital expenditure 1967/68', 13 October 1967

<sup>112</sup> PRO CAB 129/135: Jenkins memorandum to Cabinet, 'Public expenditure, post-devaluation measures', 3 January 1968; PRO CAB 128/43: Cabinet minutes, 5 January 1968

<sup>113</sup> PRO CAB 134/3282: SSC minutes, 20 June, 4 July, 9 July 1968; PRO CAB 134/3201: SEP minutes, 15 July 1968

<sup>114</sup> PRO CAB 129/142: Jenkins memorandum to Cabinet, 'Public expenditure, distribution of reductions in 1970/71', 4 July 1969; PRO CAB 128/44: Cabinet minutes, 3 July 1969

<sup>115</sup> PRO CAB 129/143: Jenkins memorandum to Cabinet, 'Public expenditure 1970/71', 15 July 1969

to only £19m, with no delays in hospital building at all.<sup>116</sup> In March 1970 Crossman told Jenkins that he would now instruct his officials to prepare 'realistic' PESC estimates for 1972/73. He showed the Chancellor a long list of long-standing defects and unfavourable comparisons with the rest of the industrialised world, and refused to co-operate with that year's preliminary PESC exercise.<sup>117</sup> The hospital programme at least had escaped the worst of the cuts, and NHS spending was likely to continue rising.

*Table VI.10.* Group practice loans and GPFC expenditure, GB, 1964-70 (£m, current prices)

	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70
GP loans	0.776	0.814				
GPFC			0.908	1.645	2.194	1.412

*Sources:* Cmnd. 3326, *Ministry of Health report for 1966* (July 1967), appendix I, table 9, p. 86; Cmnd. 3702, *Ministry of Health report for 1967* (July 1968), appendix I, table 9, p. 88; Cmnd. 4100, *Annual report of the DHSS for 1968* (July 1969), p. 4; Cmnd. 4462, *Annual report of the DHSS for 1969* (September 1970), p. 7; Cmnd. 5035, *Annual report of the DHSS for 1971* (July 1972), p. 8; *GPFC report for 1967/68* (December 1968), p. 20, *GPFC report for 1969/70* (July 1970), p. 13

Quite apart from more spending, there was a reversal of Conservative health centre policy, which Robinson promised when he wrote to GPs introducing himself as Health Minister.<sup>118</sup> GPs successfully insisted on the creation of a General Practice Finance Corporation, agreed to by the Government in its first pay negotiations with the BMA in early 1965. This would provide low-interest loans, guaranteed by the Treasury, for the purchase of land and buildings.<sup>119</sup> The GPFC, which began operating in 1967, represented a major step forward in funding the development of group practice, as is clear from *table VI.10*. 78% of doctors were in group practice by 1969.<sup>120</sup>

<sup>116</sup> PRO CAB 128/44: Cabinet minutes, 17, 24, 29 July 1969; cf. RCD, 29 July 1969: Crossman, *Diary*, 1977 edn., III, p. 600; Cmnd. 4234, *Public expenditure 1968/69 to 1973/74* (December 1969), table 1.4, p. 16

<sup>117</sup> PRO PREM 13/3273: Jenkins to Crossman, 20 March 1970

<sup>118</sup> PRO MH 119/19: Robinson to GPs, 1 January 1965

<sup>119</sup> Cmnd. 3326, *MOH report 1966* (July 1967), pp. 8-9; PRO MH 119/23: Executive Council note, 'General medical services: GPFC', April 1967; G. Forsyth, *Doctors and state medicine: a study of the British Health Service* (2<sup>nd</sup> edn., Pitman Medical, London, 1973), pp. 54-6

<sup>120</sup> Forsyth, *Doctors*, p. 208; *Scottish health statistics 1971* (HMSO, Edinburgh, 1971), table 6.1, p. 75

Table VI.11. Health centre spending, GB, 1964-70 (£m, current prices)

	1964/65	1965/66	1966/67	1967/68	1968/69	1969/70
E&W	130	188	216	345	835	881
Scotland	24	29	36	53	77	96
<b>GB</b>	<b>154</b>	<b>217</b>	<b>252</b>	<b>398</b>	<b>902</b>	<b>977</b>

Sources: *Digest of health statistics* (HMSO, London, 1971), table 3.8, p. 13; *Scottish health statistics*, 1971, table 10.5, p. 145

Health centre building was delayed by the July 1965 'standstill', though attachment of local authority staff to GPs was encouraged.<sup>121</sup> The main breakthrough came after the standstill, when Executive Councils were instructed to start paying the local authorities accommodation and rates, lifting this burden from GPs. This was in addition to the help that Robinson had promised doctors on ancillary staff.<sup>122</sup> It was also followed up with a Circular from the Ministry exhorting all concerned to build more such centres.<sup>123</sup> This, along with more spending (see *table VI.11*), achieved a major expansion. By May 1970, even though only 131 were fully operational, 79 more were being built, and a further 74 had been approved.<sup>124</sup> By 1970, even though only four per cent of GPs worked in health centres, they were at last making progress.<sup>125</sup>

<sup>121</sup> Webster, *Services*, II, p. 268

<sup>122</sup> PRO MH 119/23: Executive Council note, 'General medical services: revised financial arrangements for doctors practising at health centres', April 1967, Executive Council letter, 24 April 1967

<sup>123</sup> PRO MH 119/23: Circular 7/67, 21 April 1967

<sup>124</sup> Cmnd. 4462, *DHSS Report 1969* (September 1970), p. 20

<sup>125</sup> Forsyth, *Doctors*, p. 209

*'The greatest return': Labour's review of priorities.*

Labour was committed to a fundamental review of the Hospital Plan. However, the sheer amount of building already authorised forced Robinson to admit that 'there is little in practical terms that he can do at this stage to alter substantially the pattern of projects envisaged under the Hospital Plan for the next few years'.<sup>126</sup> Reform would therefore be a piecemeal process, with Ministers deciding which projects to put off, to stay within budget. The old barriers still stood in the way of revolutionary change: the lack of information, uncertainty over future needs, and doubt whether RHBs would co-operate without substantial extra investment. Although Robinson wanted new investigations into bed needs, and study of services at every hospital to help decide on need, there was neither the time, nor the machinery, to undertake such work.<sup>127</sup>

During the 1964-65 review, several potentially useful policy-making instruments were therefore jettisoned. One was a proposal to integrate local health and welfare planning with the hospital programme, and invite the bodies responsible for both to write joint submissions. Specific dates for each project were also abandoned.<sup>128</sup> In the end, the weaker formula, 'schemes which it is hoped to start within the period up to 1969/70', was adopted.<sup>129</sup> Little change was also envisaged in Scotland, the review for which was published on exactly the same, more cautious, five year basis, noting that within two years of the 1962 Plans two Scottish RHBs had been forced radically to alter their priorities.<sup>130</sup> However, some important technical work was done during the preparation of the revised plans. A number of RHBs – for instance Oxford – took the opportunity to work out ways of prolonging the life of some wards and hospitals. Since they would have to remain in service longer than

---

<sup>126</sup> PRO MH 166/320: Robinson to France, 11 November 1964; France to Robinson, 13 January 1965

<sup>127</sup> PRO MH 166/320: Gedling meeting with Robinson, minutes, 13 November 1964, Cornish to Gedling, 'Notes for review of a hospital plan: standards of hospital provision', 30 November 1964

<sup>128</sup> PRO MH 166/320: Gedling to Marre, 'Review of the hospital plan', 7 December 1964, Marre to France, 11 December 1964, Robinson meeting with officials, minutes, 29 January 1965

<sup>129</sup> e.g. in Newcastle: Cmnd. 3000, *Revision of the hospital plan for England and Wales* (May 1966), p. 15

<sup>130</sup> Cmnd. 2877, *Review of the hospital plan for Scotland* (February 1966), *passim*

previously thought, this was unavoidable.<sup>131</sup> The Ministry also tried further to refine estimates of the current spending implications of investment.<sup>132</sup>

As Robinson told Cabinet, the new plan was more 'realistic and flexible' than the last, for instance not actually mentioning overall spending totals. Although the number of totally new hospitals for 1966-76 was little different from those promised for 1961-71 – the number had increased from 90 to 93 – many fewer extensions and reconstructions (59 instead of 134) were promised.<sup>133</sup> However, the philosophical superstructure – large new District General Hospitals, long-term budgeting – remained. The new 'plan' was much more like a review of priorities, and less like a real break with the past, than Ministers pretended.<sup>134</sup>

However, hospital planning did not simply end with the publication of revised programmes. Ongoing control projects were just as important. One reason for this was the setting up of a Health Programme Committee, with representatives from DEA, Treasury and MOH, in June 1966.<sup>135</sup> This carried further DEA work on 'very long term' demands for health, looking as far ahead as the year 2000.<sup>136</sup> The HPC was asked to 'keep under review... the health and welfare services... so... as to secure from the resources available the greatest return'.<sup>137</sup> This often provided the forum for set-piece battles between MOH and the Treasury. In particular, health officials

---

<sup>131</sup> PRO MH 159/5: CHSC minutes, 11 January 1966

<sup>132</sup> PRO MH 170/80: Moyes to Dobbin, Newcastle RHB, 'Review of the hospital plan: revenue consequences', 4 February 1966, Dobbin to Moyes, 'Review of the hospital plan: revenue consequences', 9 February 1966

<sup>133</sup> PRO CAB 129/125: Robinson memorandum to Cabinet, 'Hospital building programme', 17 May 1966; PRO PREM 13/2252: Robinson to Wilson, 'Hospital building', 11 May 1966

<sup>134</sup> Cmnd 3000, *Revision*, pp. 2-5

<sup>135</sup> PRO T 227/2398: Armstrong to France, 10 May 1966, France to Armstrong, 17 May 1966, Armstrong to France, 17 June 1966

<sup>136</sup> PRO EW 25/294: VLT Health sub-committee, minutes, 2 June 1966

<sup>137</sup> PRO T 227/2398: Holmans to Anson, 'Health programme committee', 17 June 1966

objected to input-output budgeting, arguing that it 'would not be appropriate to the health service and... of no practical value in influencing decisions'.<sup>138</sup>

Despite this, priority setting within the NHS had improved. For instance, other HPC members forced MOH to produce estimates of the demand for medical work per patient, broken down by specialties, which showed on the one hand how expensive modern medicine was becoming, but on the other how much more quickly patients could be discharged.<sup>139</sup> Statistical analysis was conducted on the costs of demographic change, as against qualitative improvements.<sup>140</sup> Following criticism of the Ministry's usual statistics, based on the number of 'beds', experimentation began with more useful yardsticks, for instance a division of the medical specialties into categories, which were then analysed by length of stay, cost per patient, and trends in numbers treated.<sup>141</sup> Some of this work had wide implications: one of the HPC's findings, that the administrative structure of the NHS was inadequate for coping with such tasks, was to become politically important.<sup>142</sup>

The process of allocating capital spending was also strengthened. Up to 1967, the Ministry asked for firm programmes from each RHB for the following year, along with spending estimates for the next two years. RHBs' continued complaints that this was not certain enough, and requests to be allowed to negotiate with central government up to five years ahead, combined with the large size of this programme to put a new system of control on the agenda. This was termed 'control by starts'.<sup>143</sup> Instead of allocating annual budgets on the basis of work done every year, the Ministry was now only to take account of the projects that were begun in that year. This might seem a transfer of power from the Ministry to the Boards. But by making

---

<sup>138</sup> e.g. PRO MH 166/304: MOH memorandum, 'Health Programme Committee: note by the Treasury', 12 October 1966; PRO T 227/2398: Williams to Rampton, 14 October 1966, HPC, minutes, 17 October 1966

<sup>139</sup> PRO MH 166/304: MOH memorandum to HPC, 'Productivity in the hospital service', 28 October 1966

<sup>140</sup> PRO T 227/2398: Holmans to Rampton, 24 January 1967

<sup>141</sup> PRO T 227/2399: Rampton memorandum to HPC, 'Hospitals: the need for information', May 1967

<sup>142</sup> PRO T 227/2369: MOH/ DEA/ Treasury meeting, minutes, 12 October 1967

<sup>143</sup> PRO T 227/1382: Forthergill to Hodges, 'Control of NHS expenditure', 16 November 1964; PRO T 227/2231: MOH/ Treasury meeting, minutes, 1 February 1966

RHBs responsible for their spending, government was hoping to speed up the completion of individual schemes, as Boards could use savings on other projects. Lists of all projects over £75,000 were to be submitted, for four years ahead. RHBs would have to be careful to plan yearly costs of each project, for once building started, only the 'natural' rate of spending every year would be tolerated.<sup>144</sup>

PESC's costed options, and the Social Service Committee's supposed oversight role in deciding between priorities, had less of an impact in this field. That health escaped rather lightly was due to Robinson's blank refusal to conduct any exercise in 'choice': 'the service must do its best to provide universally the infrastructure for whatever procedures are medically feasible and desirable', he told Stewart.<sup>145</sup> But the very fact that such ideas were aired demonstrates Labour's turn away from universally promising 'more', and towards an attempt to assess the returns to spending: in hospital building, for example, this was made more pressing by the levelling-off of the programme in the late 1960s (see *chart VI.5*). Even though the results were small in terms of actual spending reductions, official studies were also put in hand on manpower needs, and on comparative studies of spending in different social spending areas.<sup>146</sup> These were followed by the Treasury's own investigation into priorities within health and welfare, which went on through 1969. It was bolstered by a series of long-term forecasts on the demand for health care.<sup>147</sup>

---

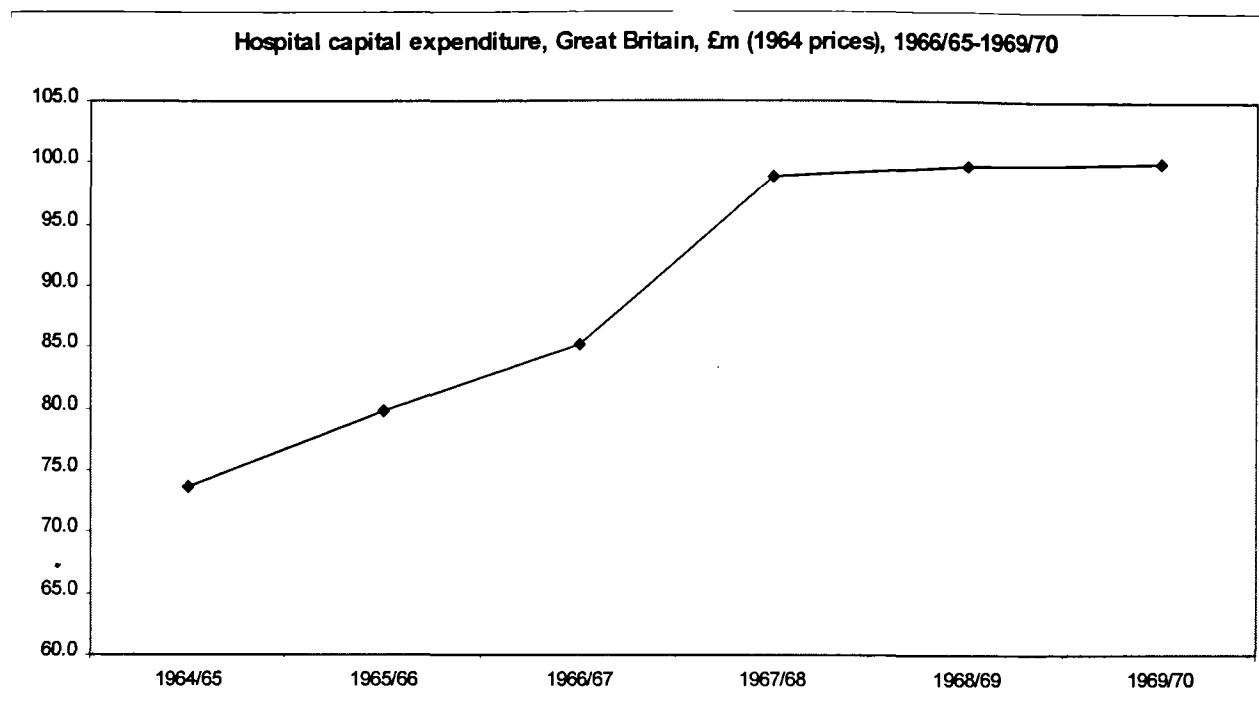
<sup>144</sup> PRO MH 119/23: Hospital Memorandum, 'Control of capital investment', September 1967

<sup>145</sup> PRO BN 72/129: Robinson to Stewart, 20 February 1968; PRO CAB 134/3282: Robinson memorandum to SSC, 'Development of the social services: MOH services', 22 March 1968

<sup>146</sup> PRO CAB 134/3282: Crossman memorandum to SSC, 'Development of the social services: areas of choice', 27 March 1968, SSC minutes, 30 March 1968

<sup>147</sup> PRO T 227/2970: Widdup to Langdon, 'Policy choices in health and welfare', 10 January 1969, Treasury meeting, 'Priorities in the NHS', minutes, 15 March 1969

Chart VI.5. Hospital capital expenditure, GB, 1964-70



Sources: *Digest of health statistics*, table 2.2, p. 7, *Scottish Health Statistics 1971*, table 10.3, p. 144

Similar developments were apparent in local government. The revision of community care plans the Government published in June 1966 was also more of a 'rolling forward' of existing plans than a full review. This had been promised in the community care White Paper, and had in fact been launched in the last months of the Conservative administration.<sup>148</sup> Although not strictly comparable, as they are for slightly different periods, the figures in *table VI.12* demonstrate how little English and Welsh LHAs' projections had altered since 1963. Although most of the programmes were similar to those in Cmnd. 1973, the demand for staff, especially for social workers, was still growing. The same problems of control also remained. Central standards could not be settled without much more experience of planning, and much more research; Ministry manpower could not cope with judging services in each and every local area.<sup>149</sup>

<sup>148</sup> PRO MH 119/19: Circular 14/65, 30 July 1964

<sup>149</sup> PRO MH 156/75: MOH officials' meeting, minutes, 7 January 1966



Table VI.12. Selected LHA services, England and Wales, projections for early 1970s

	<i>Cmnd. 1973 target for 1972</i>	<i>Cmnd. 3022 target for 1970/71</i>
Homes for the elderly ( <i>No. premises</i> )	2,784	2,819
'Mentally subnormal' training centres	907	892
Mentally ill workshops	103	88
Mentally ill hostels	211	189
Health visitors ( <i>Whole-time equivalents</i> )	7,607	7,936
Home helps	37,083	39,091
Midwives	6,509	6,352
Social workers	4,879	5,718

Sources: Cmnd. 1973, *Health and welfare*, tables I (a)-(c), II, pp. 366-7; Cmnd. 3022, *Health and welfare: community care plans in England and Wales, revision to 1975/76* (June 1966), tables I (a)-(c), II, pp. 412-13

On the other hand, detailed monitoring and control *was* strengthened. Armed with new information about individual councils, MOH started 'follow-ups', working with their Regional Officers and intervening when services seemed either too sparse or over-generous.<sup>150</sup> The system was further refined after the publication of Cmnd. 3022, with the 'worst' ten councils in every region picked out as candidates for investigation.<sup>151</sup> There were other parallels with hospital planning. From 1968/69, capital budgets were allotted on a similar basis to 'control by starts', with one 'firm' year and the next three 'prospective' years' budgets relayed to councils every year. This was intended to assist the separation of overall programme planning from the detailed work of planning the next year's actual buildings.<sup>152</sup> As in education, such increased monitoring would be matched by more freedom for councils to spend more on their priority sectors within an overall ceiling – though for now Crossman wanted social work kept under direct Ministerial control, to encourage its expansion.<sup>153</sup>

<sup>150</sup> PRO MH 156/74: Dodds memorandum, 'First revision of the local authorities' plans for their health and welfare services', 1 August 1964, Principal Regional Officer's submission, 'First revision of local health authorities' ten year plan, Newcastle', 1 November 1964

<sup>151</sup> PRO MH 156/75: Marre to Boys, 16 May 1966, Manchester office to Thorn, 22 June 1966

<sup>152</sup> PRO MH 119/23-4: Circulars 10/67, 19/68, 22 May 1967, 13 May 1968

<sup>153</sup> PRO T 227/3118: Crossman to Crosland, 2 June 1970, Crosland to Crossman, 8 June 1970

*'Direct breach'? Labour, charges and pay beds.*

Labour did carry out its pledges, at least initially, on prescription charges. One of Robinson's very first acts on becoming Health Minister was to ask Callaghan for authority to abolish these charges, costing about £22m a year for the whole of Britain, while maintaining other charges for NHS services for the time being.<sup>154</sup> Consequently, Callaghan attempted to delay abolition, rather than oppose it altogether, at least for that Parliamentary Session.<sup>155</sup> Wilson and Brown promoted a compromise solution that involved an immediate announcement that prescription charges would be abolished with effect from 1 April 1965.<sup>156</sup> However, following more pressure from Robinson, this date was brought forward to 1 February.<sup>157</sup> Another element of Conservative 're-orientation' had been reversed. The contribution of charges to the NHS dropped during the first few years of the Wilson Government (see *chart VI.6*).

As the economic situation worsened, Robinson was forced to fight an increasingly desperate battle against the re-imposition of prescription charges. His argument was that a measure 'unlikely to exceed £55m gross, a figure which exemptions could reduce by a half or more' was not worth the political opprobrium it entailed. 'The Opposition', he wrote, 'would welcome restoration of the prescription charges... as striking a blow for the Tory concept of selectivity in social services.... Our own Party would not greet an increase in NHS contribution with any enthusiasm,

---

<sup>154</sup> PRO T 227/2285: Robinson to Callaghan, 19 October 1964; PRO T 227/1382: Ross to Callaghan, 22 October 1964

<sup>155</sup> PRO CAB 129/119: Callaghan memorandum to Cabinet, 'Queen's speech: public expenditure', 28 October 1964; PRO CAB 128/39: Cabinet minutes, 28 October 1964

<sup>156</sup> PRO PREM 13/2805: Brown to Wilson, 12 November 1964; PRO T 227/2285: Petch to Painter, 'Prescription charges', 10 November 1964, Callaghan to Robinson, 13 November 1964, Robinson to Callaghan, 16 November 1964

<sup>157</sup> PRO CAB 134/2534: Robinson, Ross memorandum to SSC, 'Abolition of prescription charges', 17 November 1964, SSC minutes, 19 November 1964; PRO T 227/2285: Callaghan to Robinson, 17 November 1964; *House of Commons debates*, vol. 704, col. 581: Robinson statement, Prescription charges, 17 December 1964

and have usually described it as a Poll Tax'.<sup>158</sup> The Chancellor did succeed in reimposing the 2s 6d prescription charge, though on a more selective basis than the Conservative scheme. Those on Supplementary Benefit were to be exempted, for instance.<sup>159</sup>

Charges incensed Labour MPs, 150 of whom petitioned Wilson about the 'direct breach of repeated pledges'.<sup>160</sup> At the 1968 Party Conference, a motion was passed against the platform demanding the 'immediate withdrawal' of charging.<sup>161</sup> Crossman felt similarly, especially after he had borne the brunt of his colleagues' anger after inadvertently announcing a rise in lens and denture charges during a local election campaign that Labour lost badly, part of the his 'bargain' with the DES to release more money for education.<sup>162</sup> He made clear in the Commons, just after these charges had been raised, that charges 'should not be made more than a small factor – a useful adjunct, but only an adjunct, to the major source of finance'. He ruled out including a new NHS tax.<sup>163</sup> Disillusion with charges was also due to the amount actually raised: after exemptions, they yielded only £20m in their first full year. Even at current prices, they only raised £40m in a full year at their 1969 levels (see *chart VI.6*).<sup>164</sup>

---

<sup>158</sup> PRO T 227/2654: Robinson memorandum, 'The nature of the alternatives', 18 December 1967

<sup>159</sup> PRO T 227/2654: Robinson to Jenkins, 2 January 1968; PRO CAB 129/135: Jenkins memorandum to Cabinet, 'Public expenditure, post-devaluation measures', 3 January 1968; PRO CAB 128/43: Cabinet minutes, 5 January, 11 January 1968

<sup>160</sup> PRO PREM 13/2805: PLP petition, February 1968

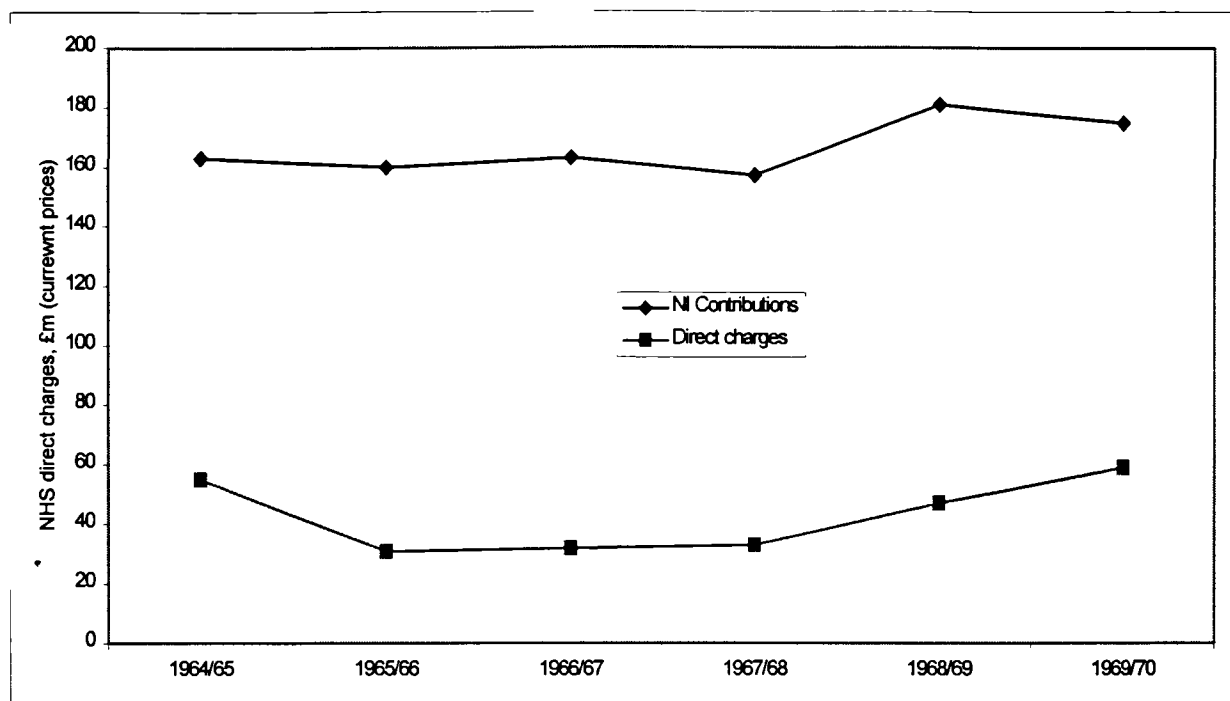
<sup>161</sup> Composite Resolution 45, Ayrshire CLP, 4 October 1968: *Conference report* (Labour Party, London, 1968), p. 306

<sup>162</sup> PRO PREM 13/2809: Note for Wilson, 2 May 1969; *House of Commons debates*, vol. 783, cols. 42-3: Crossman statement, 5 May 1969; RCD, 5-6 May 1969: Crossman, *Diary*, 1977 edn., III, pp. 475-7; see above, chapt. IV

<sup>163</sup> *House of Commons debates*, vol. 786, cols. 263-4: Adjournment debate, NHS finance, Crossman speech, 1 July 1969

<sup>164</sup> Webster, *Services*, II, p. 203

Chart VI.6. NHS contributions and charges, UK, 1964-70 (current prices)



Source: Webster, *Services*, II, appendix 3.6, p. 805

Labour did, however, act against NHS pay beds, even though Robinson's officials quickly decided that banning them altogether was 'probably impracticable'.<sup>165</sup> There were, however, ways round this: one was slowly to reduce the number of pay beds in NHS hospitals, while lifting the ceiling on how much consultants could charge for these beds. This would not only make consultants more amenable to change, but might reduce demand by raising the amount patients had to pay. Robinson did just this, claiming that he had 'equalised the pressure' between NHS and pay beds by matching supply to demand at the same level in each.<sup>166</sup> Unsurprisingly, the JCC resisted this, focusing on the proposals to lower the number of pay beds – though they were happier at gaining the ability to charge whatever they wished for their services. But by threatening to set the package in stone through legislation, Robinson managed to force the JCC to climb down. He thereafter asked

<sup>165</sup> PRO MH 150/144: MOH memorandum, 'Pay beds: changes of policy', November 1964

<sup>166</sup> PRO MH 150/143: Hewitt to Aldridge, 'National charges for pay beds', 20 October 1964, Robinson and Shirley Williams meeting with officials, minutes, 4 December 1964; PRO MH 150/144: France to Cashman, 'Pay beds', 25 November 1964

RHBs to raise the occupancy rates of private beds, which were significantly lower than those of NHS beds, in order to secure shorter waiting lists for non-paying patients.<sup>167</sup>

Legislation prepared on this sharpened the powers a Minister of Health had over such matters, not only giving him discretion over the level of charges, but to take into account in those charges the capital costs that the taxpayer had already invested, and which were 'subsidising' private patients. Consultants were also no longer to be routinely given the option on taking up posts of choosing a mix of part-time and full-time service, since the former made private work so much easier. The administrative divide between NHS and pay beds was also to be lowered, so that the latter could be used for NHS patients should waiting lists reach intolerable levels.<sup>168</sup> This resulted in a reduction in pay beds from 5,764 to 4,379 in England and Wales.<sup>169</sup> The JCC was soon 'deluged with indignant protests' from consultants.<sup>170</sup> Some elements of Labour's egalitarian ideology – its opposition to pay beds in the NHS, for instance – remained important to the Party in government.

---

<sup>167</sup> PRO MH 150/144: JCC to Winner, 'Pay beds', 3 March 1965, Robinson to Bowden, 15 June 1965, Bowden to Robinson, 21 June 1965, Robinson to JCC, 26 July 1965; PRO MH 150/143: Robinson and France meeting with officials, 'Future policy on pay beds', 14 May 1965

<sup>168</sup> PRO MH 119/22: MOH Hospital Memorandum, 'Review of pay beds', April 1966; PRO MH 150/145: Hewitt to Watson, 'Amendments desired to sections 4 and 5', 10 August 1965, Sellors to Robinson, 8 November 1965, 10 January 1966, Hewitt to Williamson, 'Pay beds', 19 January 1966

<sup>169</sup> Cmnd. 3702, *MOH report 1967* (July 1968), p. 56

<sup>170</sup> PRO MH 150/46: JCC to Yellowlees, 26 January 1968

*'Evil spirits': scandal and reaction.*

Throughout Labour's time in office, the Government slowly improved services for the aged, young chronic sick, and mentally ill. Extant sample surveys of young chronic sick provision, were broadened into a national investigation.<sup>171</sup> RHBs were asked to provide more specialist units, with a dedicated consultant in charge: pilot projects on the integration of these wards into general hospitals, under the title 'Operation Mainstream', were prepared.<sup>172</sup> Instructions on minimum standards for the size, form and patterns of treatment in these wards followed.<sup>173</sup> On the mental health side, CHSC and MOH followed up a June 1964 advisory Circular with instructions on expanding the provision of training, holidays, and day care at home.<sup>174</sup> Similar guidance was issued on the care of the elderly, as well as more information gathered, this time through the Government's Social Survey.<sup>175</sup> However, these reforms were overshadowed, and to a certain extent dictated, by a less positive development: a rash of scandals that called the structure of the NHS itself into question.

These began on 10 November 1965, when a group of clergymen, peers, academics and social workers wrote to *The Times*. 'We, the undersigned, have been shocked by the treatment of geriatric patients in certain mental hospitals', they wrote, 'one of the evils being the practice of stripping them of their personal possessions. We have now sufficient evidence to suggest that this is widespread'.<sup>176</sup> This letter, from the group which became known as AEGIS – Aid for the Elderly in Government

---

<sup>171</sup> PRO MH 150/45: Survey of young chronic sick units, 2 September 1964, Working group report, December 1964; PRO MH 150/46: Standing Medical Advisory Committee, minutes, 9 January 1968

<sup>172</sup> PRO MH 150/474: 'Mainstream' committee, minutes, 17 October, 6 November 1968

<sup>173</sup> PRO MH 119/25: MOH Hospital Memorandum, 'Care of younger chronic sick patients in hospitals', 12 June 1968

<sup>174</sup> PRO MH 150/166: CHSC Standing Medical Advisory Committee, minutes, 13 July 1965; PRO MH 119/19: Hospital Memorandum, 'Improving the effectiveness of the hospital service for the mentally subnormal', 2 December 1965; PRO MH 119/21: Circular 7/66, 31 March 1966

<sup>175</sup> PRO MH 119/19: Circular to RHBs, HMCs, Boards of Governors, local authorities, 'Care of the elderly in hospitals and residential homes', 15 September 1965

<sup>176</sup> J.P. Martin, *Hospitals in trouble* (Blackwell, Oxford, 1984), p. 3

Institutions – called for action to end the ill-treatment of the old. *Sans everything*, the book edited by Barbara Robb and based on this evidence, uncovered a grim world of ‘rage and misery’, ‘inadequate buildings, bad organisation, over-crowding, shortage of money and shortage of staff’. Robb produced evidence from doctors and voluntary bodies that, due to a shortage of beds, the elderly were living out their days in inappropriate mental hospitals.<sup>177</sup>

This caused the Ministry several intractable problems, for AEGIS would not initially co-operate with investigations in order to protect its sources. The Ministry was forced to set up an internal inquiry. Each Hospital Board named in *Sans everything* was to appoint an independent body for this purpose, chaired by a QC, and containing at least one nurse, one doctor and one layperson.<sup>178</sup> As the inquiry proceeded, however, the Ministry became increasingly irritated at AEGIS’s behaviour, which may have influenced their eventual judgements. Internal Ministry memoranda refer to ‘Mrs Robb... making difficulties in various regions’, and civil servants prepared a list of how each separate investigation was being hampered by AEGIS’s refusal to reveal its sources.<sup>179</sup> Three out of six inquiry Chairmen reckoned that their work had been frustrated in this way.<sup>180</sup>

This irritation was reflected in the July 1968 White Paper, which was basically a *précis* of the Committees’ reports. On the allegations concerning abuse of elderly residents in an Oxford geriatric unit, for instance, the Report evinced ‘no doubt upon the evidence which we accept that they have been disproved’. Although there was evidence of ‘occasional misconduct’, due to staff shortages and the testing nature of the job, there was no evidence that any systematic abuse had occurred. Conclusions on other cases were similar.<sup>181</sup> Publication proceeded without comment by Prime

---

<sup>177</sup> B. Robb, *Sans everything* (AEGIS, Nelson, London, 1967), pp. 9, xiii-xiv

<sup>178</sup> PRO MH 159/213: MOH press release, ‘Care of the elderly’, 9 August 1967

<sup>179</sup> PRO MH 159/213: ‘*Sans everything* enquiries’, 1 November 1967

<sup>9</sup> PRO MH 149/214: ‘*Sans everything* enquiries: position’, 10 November 1967

<sup>181</sup> Cmnd. 3687, *Findings and recommendations following enquiries into allegations concerning the care of elderly patients in certain hospitals* (July 1968), *passim*

Minister or Cabinet.<sup>182</sup> However, this was followed by clumsy references by Robinson in the Commons to 'totally unfounded or grossly exaggerated' allegations.<sup>183</sup> This was unfortunate, for it was to become clear in the coming months that, whatever the specific allegations, the NHS was failing long-stay patients.

This was due to the scandal at a mental hospital at Ely, near Cardiff, which began when the *News of the World* published allegations about the staff of this hospital in August 1967.<sup>184</sup> The Ministry immediately set up a '*Sans everything* type of inquiry', but this new investigation was more effective than the last, because the main witness, a Greek Cypriot nurse who had been forced out of the hospital, was not anonymous. It was easier, therefore, to establish the truth.<sup>185</sup> Robinson appointed a young Conservative lawyer, Geoffrey Howe, to head the inquiry. His report condemned almost every aspect of the hospital. Management control was underdeveloped, with no-one taking responsibility or putting government policy into effect; the buildings were cut off and isolated from one another. The hospital was overcrowded, under-nursed, and facilities for children's play and development were 'seriously deficient'. 'Lack of skill and some lack of sympathy' had been routinely exhibited towards the patients, including locking them in solitary confinement.<sup>186</sup>

Crossman realised that this was 'devastating... far more disturbing' than *Sans everything*: most of the allegations made by the *News of the world* were substantiated.<sup>187</sup> Overruling his civil servants, he published the Report in full, ensuring the maximum impact for the story.<sup>188</sup> Tam Dayell, his PPS at the DHSS, thought he was motivated by guilt and anger. Crossman's mother had recently died in

---

<sup>182</sup> PRO PREM 13/2803: Crossman to Wilson, 3 July 1968

<sup>183</sup> *House of Commons debates*, vol. 768, col. 214: Robinson statement, 'Book, *Sans everything*, reports of inquiries', 9 July 1968

<sup>184</sup> Webster, *Services*, II, p. 231

<sup>185</sup> PRO MH 159/221; Croft to Hedley, 'Complaint to *News of the world* about Ely hospital', 21 August 1967

<sup>186</sup> Cmnd 3975, *Report of the committee of inquiry into allegations of ill-treatment of patients and other irregularities at the Ely Hospital, Cardiff* (March 1969), pp. 122-3, 125-32

<sup>187</sup> PRO PREM 13/2803: Crossman to Wilson, 17 March 1969

<sup>188</sup> RCD, 11-12 March 1969: Crossman, *Diary*, 1977 edn., III, pp. 409-10



squalid conditions in a nursing home; and he had discovered that his second wife, Zia, would never have been admitted to hospital (even though suffering from a terminal illness) had the consultant not thought that Crossman would pay for a private bed.<sup>189</sup> Crossman's anger grew when he discovered that there were a quarter of a million of these patients housed in old Public Assistance buildings, quite unsuited to modern medicine.<sup>190</sup>

Worse, investigation and complaint seemed to be positively discouraged. At a dramatic meeting with his Chief Nursing Officer, medical advisors and political aides at the DHSS, Crossman discovered that there had been a series of reports from the Nursing Officer's regional staff, stretching back to 1953, condemning Ely. It had recently been partially rebuilt, making some of the criticisms out of date, but the reports revealed the management's attitude. 'There is only a sordid little yard for the children to play in', one ran; none of the patients had their own lockers or clothes; one male nurse used dirty water to wash the children's hands, for there were not enough dedicated washbasins. The main structural problem was the inability to provide specialist care for patients of different ages and needs, given the 'all-in' mentality of the place.<sup>191</sup> 'Appalling' practices were still in evidence in 1967.<sup>192</sup>

Crossman set up a Post-Ely Policy Working Party (PEP). This contained both 'outsiders and insiders', including Godber, Peter Townsend, and Howe himself, along with Eileen Skellern, Superintendent of Nursing at the Royal Bethlem and Maudsley Hospital and Dr Gerald O'Gorman from Borocourt Hospital, both at Crossman's suggestion.<sup>193</sup> A series of new ideas flowed from PEP, especially on visiting and

---

<sup>189</sup> T. Dayell, *Dick Crossman* (Weidenfeld & Nicolson, London, 1989), pp. 175-6; A. Howard, *Crossman: the pursuit of power* (Jonathan Cape, London, 1990), pp. 294-5

<sup>190</sup> RCD, 12 March 1969: Crossman, *Diary*, 1977 edn., III, p. 410

<sup>191</sup> PRO MH 96/1895: Board of Control reports on Ely, May 1953, March 1955

<sup>192</sup> PRO MH 96/1894: Mackessack memorandum, 'Pre-arranged visit to Ely Hospital', 27 June 1967

<sup>193</sup> PRO MH 96/2318: Williams, PEP Secretary, memorandum, 'Post Ely Policy working party', April 1969; RCD, 11 April 1969: Crossman, *Diary*, 1977 edn., III, p. 436

inspecting hospitals.<sup>194</sup> Official working groups considered the establishment of a new 'professional consultative group', along with a 'Hospital Advisory Committee', which would advise hospitals on best practice and planning services for long-stay and incapacitated patients. This would be no new thing, the CNO, Dame Kathleen Raven wrote, but could now be backed by political will. 'Where we have failed all along', she argued, 'is that we have not brought pressure to bear on the Boards... [resulting in]... isolation, frustration and finally complete lethargy'.<sup>195</sup> Another working party considered a new system for making complaints.<sup>196</sup>

The need for new ideas was shown by new information on the extent of the problem: among Welsh hospitals, for instance, 57 hospitals required 'high priority action' on bed spacing, 68 on patient privacy, 82 on toilets, and 61 on day space.<sup>197</sup> Given this, one innovation PEP eventually secured was a recommendation for minimum standards, for instance on staffing levels per patient and space per bed.<sup>198</sup> Other ideas ran into trouble. Consultants were deeply worried at the idea of a Hospital Advisory Service that might contain laymen such as management experts and consumer representatives, and therefore in their view constitute a threat to professional freedom. RHBs jibbed at the idea of an independent Inspectorate, since its reports might contain lists of expensive demands. These views were the reason the new HAS stayed *advisory*, separating policy from consultation.<sup>199</sup>

---

<sup>194</sup> PRO MH 96/2318: Williams memorandum, 'Relationships with other departmental working groups', April 1969

<sup>195</sup> PRO MH 159/314: Raven to Hedley, 'Central professional consultative group', 18 March 1969

<sup>196</sup> e.g. PRO MH 159/314: Marre to Mottershead, 7 February 1969

<sup>197</sup> PRO MH 96/2318: Welsh RHB, *Survey of long stay hospitals in Wales: assessment of conditions in wards*, April 1969

<sup>198</sup> PRO MH 150/492: DHSS memorandum to PEP, 'Proposed minimum standards for long-stay hospitals: nursing', April 1969; PRO MH 96/2318: Farrant to Baker, 'Minimum standards for long-stay hospitals', 15 May 1969

<sup>199</sup> PRO MH 150/492: MOH memorandum to PEP, 'NHS hospital advisory service, proposed consultative group', April 1969; Crossman/ RHB Chairmen meeting, minutes, 30 April 1969

Nevertheless, new ideas did find their way into the Government's Green Papers on NHS reorganisation: a 'health ombudsman' or commissioner was proposed, an independent figure with powers to investigate cases that were not solved satisfactorily at local level.<sup>200</sup> Pressure for this grew throughout the Ely controversy. The Parliamentary Council on Tribunals, the appeal body on public services set up by the Conservatives in the 1950s, criticised the conduct of the *Sans everything* inquiries in its report for 1968, as not sufficiently independent.<sup>201</sup> This proposal was still outstanding when the Wilson government fell, since – to the anger of Howe and many on PEP – DHSS officials insisted that this report be put out to further consultation on a code of conduct to make any grounds for complaint clearer.<sup>202</sup> However, the DHSS did manage to secure the reallocation of £3m to the long-stay institutions, despite the continued resistance of RHB Chairmen jealous of their right to make such decisions.<sup>203</sup>

Crossman's championing of the idea of an Advisory Service eventually overcame opposition, and inspections began in February 1970.<sup>204</sup> The DHSS also reminded RHBs of their legal requirement to 'exercise general oversight of the administration and standards of care in the hospital service in their regions, including whatever arrangements for visiting they consider appropriate for this purpose'.<sup>205</sup> The 'evil spirits' Crossman divined within the NHS continued to be unleashed, in such *cause celebres* as South Ockenden, where conditions at one medium security unit for

---

<sup>200</sup> MOH, *National Health Service: the administrative structure of the medical and related services in England and Wales* (HMSO, London, 1968), p. 24; SHHD, *Administrative reorganisation of the Scottish health services* (HMSO, Edinburgh, 1968), pp. 22-3

<sup>201</sup> Martin, *Trouble*, p. 5

<sup>202</sup> PRO MH 150/492: PEP, minutes, 29 July 1969, 9 October 1969; PRO MH 159/236: Working group on complaints procedure, draft report, September 1969

<sup>203</sup> PRO MH 150/492: Farrant to Somerville, 'Long-stay hospitals: reallocation of resources', 17 October 1969, Williams memorandum to PEP, 'Interim measures to improve hospital services', 27 November 1969

<sup>204</sup> Webster, *Services*, II, p. 236

<sup>205</sup> PRO MH 119/26: DHSS Circular, 'Relationship between the Secretary of State, RHBs and HMCs', July 1969

the mentally ill were revealed as brutal and degrading.<sup>206</sup> But central government had at least begun to monitor and enforce basic standards in such institutions.

---

<sup>206</sup> RCD, 11 April 1969: Crossman, *Diary*, 1977 edn., III, p. 436, where he uses the phrase 'evil spirits' of South Ockenden; Martin, *Trouble*, pp. 11-12, 19-21

*'Chain of command': a new structure for the NHS.*

The BMA and Royal Colleges had been pressing for an end to tripartism since the early 'sixties, and Labour politicians in Opposition concurred. They envisaged a single tier of administration to aid planning and control.<sup>207</sup> From the Labour Party's rank-and-file, there was pressure for a 'democratic' service, that is, one run by local government, or directly elected RHBs.<sup>208</sup> Within the Treasury, yet another model for NHS 'reform' took shape, stimulated by the Fulton Royal Commission into the Civil Service. Concerned to extract value for money, the Treasury's attention fell first on setting up an 'administrative board' along the lines of the nationalised industries. The Ministry frustrated this, insisting that the proposal would subvert Parliamentary responsibility.<sup>209</sup> However, it was clear that 'we were all agreed that the present organisation was not satisfactory... power and responsibility were divorced, the Ministry of Health was not fully in control and there was not a fully integrated chain of command'.<sup>210</sup>

It was clear that a thorough investigation was required, and in October 1967 Ministers approved a full internal inquiry into the administration of the NHS.<sup>211</sup> The situation was complex because the Government had already appointed an independent inquiry into the personal social services under Frederic Seebohm, and a Royal Commission on the structure of local government in England under Lord Redcliffe-Maud. These parallel inquiries slowed progress, for NHS reform had to wait upon recommendations on the shape of local government and social services. Not that

---

<sup>207</sup> BMA, *Review of the medical services in Great Britain* (BMA, London, 1962), *passim*; LPA NEC sub-committee files: Dunwoody memorandum to home policy sub-committee, 'Priorities for the NHS', February 1964

<sup>208</sup> Composite Resolution 18, Sutton and Cheam CLP, 4 October 1966: *Conference report* (Labour Party, London, 1966), p. 182

<sup>209</sup> PRO T 227/2369: Rampton to Petch, 'Fulton Committee and the NHS', 13 December 1966, France memorandum to the Fulton Committee, 'A health service board', December 1966, France/ Helsby meeting, minutes, 19 March 1967

<sup>210</sup> PRO T 227/2369: Petch to Couzens, 'Organisation of the health service', 30 March 1967

<sup>211</sup> PRO CAB 134/3281: Robinson memorandum to SSC, 'Administrative structure of the medical and related services in England and Wales', 13 October 1967; SSC minutes, 18 October 1967

waiting for these reports made the situation much clearer. When Redcliffe-Maud reported in June 1969, it contradicted the whole thrust of the Government's desire for administrative centralisation: 'local government itself will be able to ensure co-ordination of the health service with the personal social services'.<sup>212</sup> The unitary authorities recommended were also too large to serve as management units in the NHS. The Seebohm Report further confused matters by recommending unified 'Social Services Departments' under LHAs in England and Wales, amalgamating child care and all other forms of social welfare and handing over local government's vestigial functions in the health field.<sup>213</sup>

The proposals that eventually emerged were therefore provisional, and not intended as a definitive statement of government policy.<sup>214</sup> The Government's first Green Paper on the subject, issued in July 1968, proposed single 'Area Health Authorities' for all health purposes. This was a radical simplification of the NHS, designed to facilitate 'foresight and planning'. 40 or so AHAs would unite general medical services with existing local authority health duties, for instance ambulances, domestic midwifery, and health visiting. Local authority control was left as an option, though only briefly mentioned and obviously undermined by the rest of the document.<sup>215</sup> A similar scheme was worked out for Scotland, though given the speedier passage of social service reform there, as well as its higher NHS spending per head, the administrative proposals here were a little more certain and the service envisaged slightly more ambitious.<sup>216</sup>

This Green Paper, however, pleased no-one, least of all those NHS administrators whose efforts were implicitly slighted by it: Executive Councils, for instance, violently objected to the portrayal of the NHS as chaotic and under-

---

<sup>212</sup> Cmnd 4040, *Royal Commission on local government in England*, vol. I, *Report* (June 1969), p. 356

<sup>213</sup> Cmnd 3703, *Report of the committee on the local authority and allied personal social service* (July 1968), pp. 30-2, 51, 181-5

<sup>214</sup> PRO CAB 129/138: Robinson memorandum to Cabinet, 'Administrative structure of the medical and related services in England and Wales', 1 July 1968; PRO CAB 128/43: Cabinet minutes, 9 July 1968

<sup>215</sup> MOH, *National Health Service*, pp. 10, 12-18, 21-2

<sup>216</sup> SHHD, *Administrative reorganisation*, pp. 18-26

administered.<sup>217</sup> Local government did not want any of its health and welfare functions taken away, opposing the small number of AHAs as inevitably unresponsive to local opinion. Specialist clinicians doubted whether AHAs could provide enough facilities for medical education and specialist care; GPs were suspicious that the increased executive strength of AHAs might eventually involve a set salary structure, and a loss of independence.<sup>218</sup> More generally, there was a feeling among NHS administrators and staff that single-tier AHAs would be too small to co-ordinate regional services, such as advanced surgery or blood transfusion, and too big to allow for proper local autonomy in day-to-day management.<sup>219</sup>

It did not take long, therefore, for the Government to realise that its plans for single-tier authorities were unrealistic. Crossman had never thought much of the first Green Paper, and had done what he could to frustrate it: once he became head of the merged DHSS in November 1968 work began on a second set of plans.<sup>220</sup> It was evident from the start that this would mean at least one more tier of administration.<sup>221</sup> Crossman and Bea Serota, his Minister of State for Health, realised that those interest groups discontented with Robinson's Green Paper had to be appeased, and responded to calls for larger planning units by 'regionalising' the problem. Instead of AHAs there would be 'unitary health authorities' at the level of the Redcliffe-Maud unitary authorities, on which professionals, central government nominees, managers and local councillors would sit. A local government take-over was to be finally ruled out, to win over the doctors.<sup>222</sup>

---

<sup>217</sup> PRO MH 166/55: Executive Councils Association submission on Green Paper, December 1968

<sup>218</sup> PRO MH 166/56: Green Paper submissions, Rural District Councils Association to MOH, Royal College of Obstetricians and gynaecologists, GPs' Association, 19 December 1968, 14 January, 16 January 1969

<sup>219</sup> PRO MH 159/11: *CHSC Report 1968*, p. 9; Webster, *The National Health Service: a political history* (OUP, Oxford, 1998), pp. 95-6

<sup>220</sup> RCD, May 28, July 10 1968: Crossman, *Diary*, 1977 edn., III, pp. 86, 128

<sup>221</sup> PRO MH 166/49: Long Term Study Group, minutes, 15 October 1968

<sup>222</sup> PRO CAB 134/3288: Serota, Thomas memoranda to SSC, 'The future structure and content of the Health Service', 2 October 1969, 'Future structure of the health service: application to Wales', 6 October 1969

This proposal, which necessarily included a large local authority input into the NHS, horrified the Treasury. It was the exact opposite of that strengthening of central authority that they had set out to achieve. Dick Taverne, Minister of State at the Treasury, told the Social Services Committee that this draft Green Paper represented 'the worst of both worlds... It would even be preferable to permit full local authority control and financing of the service'.<sup>223</sup> Local councillors would have the power to choose between projects, without taking responsibility for the budget. The Treasury seemed to be placated when Crossman proposed that he would appoint a majority of the members of the new authorities, though discussions were referred to further bilateral talks on their exact shape and membership.<sup>224</sup> However, Crossman's plans were about to change radically.

Crossman's special adviser Brian Abel-Smith initiated this change, telling his Minister that 'everybody thought this scheme was terrible'. He submitted a plan for a new two-tier solution. 80-90 AHAs (rather than the 40-50 of the first Green Paper) would be co-terminous with the Maud unitary authorities, reminiscent of their predecessors in 'Green Paper Mark I'. These would be one-third appointed, one-third nominated by the professions, and one-third from local government. They would be supplemented with another layer of administration – 'district management subcommittees' – appointed by AHAs themselves. These would carry out the detailed administration of the NHS. Though this blueprint would have done away with regions altogether, after meeting with officials Crossman decided to keep Regions as appointed 'councils', with limited co-ordinating powers.<sup>225</sup> This structure was in outline that with which Crossman hoped to end the embarrassment of delay.<sup>226</sup> The Treasury regarded it as over-complicated, and Diamond in Cabinet continued to oppose the idea that two-thirds of AHA members would come from local authorities

---

<sup>223</sup> PRO CAB 134/3285: SSC minutes, 9 October 1969

<sup>224</sup> PRO CAB 134/3285: SSC minutes, 3 November 1969; PRO MH 166/10: Shirley Williams to Crossman, 4 November 1969

<sup>225</sup> PRO MH 166/14 II: Abel-Smith memorandum, 'Green Paper', 10 December 1969; RCD, 9 December 1969: Crossman, *Diary*, 1977 edn., III, p. 753

<sup>226</sup> PRO CAB 134/3288: Crossman memorandum to SSC, 'NHS reorganisation', 31 December 1969



and the professions.<sup>227</sup> However, these doubts were bested in Cabinet, when Crossman made clear that the package was the minimum that would secure local government co-operation.<sup>228</sup>

The final structure would therefore be as follows. AHAs would be set up on the same boundaries as the Maud Unitary Authorities, with one third of the members (and the chairman) appointed by the Secretary of State. These would be the main 'building blocks' of the NHS, responsible to the central department for policy and levels of provision, though they would appoint district-level management committees. Consultative Regional Health Councils would take responsibility for co-ordinating some services, for example neurology and radiotherapy, as well as postgraduate medical and general staff training, and blood transfusion.<sup>229</sup> In Wales, the Welsh Office itself would act as the RHC.<sup>230</sup>

Local authority Social Service departments would operate personal welfare, while councils would cede their health functions to the NHS.<sup>231</sup> In the end this was of only academic interest, since Labour fell from power as its proposals were being converted to a White Paper; but the thrust of policy is instructive.<sup>232</sup> For Labour was

---

<sup>227</sup> PRO CAB 129/147: Diamond memorandum to Cabinet, 'Reorganisation of the NHS', 13 January 1970; RCD, 2 January 1970; Crossman, *Diary*, 1977 edn., III, p. 774

<sup>228</sup> PRO CAB 128/45: Cabinet minutes, 15 January, 20 January 1970; RCD, 18, 20 January 1970; Crossman, *Diary*, 1977 edn., III, pp. 782, 785

<sup>229</sup> DHSS, *National Health Service: the future structure of the National Health Service* (HMSO, London, 1970), pp. 8, 16, 23-4; *House of Commons debates*, vol. 798, cols. 997-9, 1005: NHS (future structure), Crossman speech, 23 March 1970

<sup>230</sup> Welsh Office, *National Health Service: the reorganisation of the National Health Service in Wales* (HMSO, Cardiff, 1970), p. 17

<sup>231</sup> J. Cooper, *The creation of the British personal social services 1962-74* (Heinemann, London, 1983); Phoebe Hall, *Reforming the welfare: the politics of change in the personal social services* (Heinemann, London, 1976), pp. 106-7

<sup>232</sup> PRO MH 166/97: Bancroft to Dodds, 3 June 1970, Widdup to Dodds, 5 June 1970, Pearce to Dodds, 9 June 1970

attempting what had proved beyond its grasp in 1948: a 'comprehensive' settlement, centrally planned, but with a greater role for local government.

Labour abolished prescription charges, before economic crisis had forced their return. They restricted the use of pay beds in NHS hospitals, accelerated the speed of NHS expansion and attempted to build a more integrated planning system. But they certainly fell short of their objectives, and found it much more difficult than expected to review plans that had already been conveyed to administrative subalterns. Driven by scandal, their reforms of long-stay provision would take decades to seem even within sight of completion. But there remained a real difference from their Conservative predecessors, who had taken the NHS in a more contributory, and more decentralised, direction.

## VII

### CONCLUSION: GOVERNMENT, CHOICE AND HISTORY

The language of priorities is the religion of socialism.  
-Aneurin Bevan<sup>1</sup>

Economic planning failed. This was not a matter of poor strategy or personal mistakes, but was in fact caused by deep-seated practical and theoretical barriers to its success. Chief among these, and particularly clear in the cases of regional planning and incomes policy, was the problem of *choice*. Agreeing to plan was the easy part: what to plan, how to plan, and the aims of planning, were much more difficult questions to settle. This had been predicted in 1944 by the neo-liberal economist Friedrich von Hayek in *The road to serfdom*: ‘agreement will... exist only on the mechanism to be used. But it is a mechanism which can be used only for a common end; and the question of the precise goal towards which all activity is to be directed will arise as soon as the executive power has to translate the demand for a single plan into a particular plan. Then it will appear that the agreement on the desirability of planning is not supported by agreement on the ends the plan is to serve’.<sup>2</sup> Although indicative planning did play a positive role in some other countries, this forecast was borne out by Britain’s experience in the 1960s. The very vagueness that initially made planning attractive to different groups was at the root of its downfall.<sup>3</sup>

The planners throughout had different goals in mind. The TUC wanted faster growth through more government intervention, while the CBI originally hoped for a wide-ranging wage and price agreement that might help employers to control costs and attack restrictive practices through regulated competition. They could therefore never agree on a detailed programme.<sup>4</sup> Governments’ priorities, which were often those of short-term macro-economic management, were often in conflict with one, or both, of their supposed economic partners – and the plans of NEDO and DEA.<sup>5</sup> The

---

<sup>1</sup> A. Partington (ed.), *The Oxford dictionary of quotations* (OUP, Oxford, 1996), p. 68

<sup>2</sup> F. von Hayek, *The road to serfdom* (Routledge, London, 1962 edn.), p. 46

<sup>3</sup> J. Jewkes, *The new ordeal by planning* (Macmillan, London, 1968), pp. 15, 18; see above, pp. 50-1

<sup>4</sup> See above, pp. 39-48, 110-16

<sup>5</sup> See above, e.g. pp. 52, 88-97

uncertainty engendered by such disagreements, and the subsequent resort to a number of planning 'paths', undermined the confidence that the exercise was supposed to create.<sup>6</sup> These problems were partly caused by the problem of *distribution*, for as economists of all types realised, planning had to involve decisions as to which groups would benefit from increased growth and prosperity. Michael Posner, Treasury Economic Adviser in the late 1960s and later Chief Economic Adviser, was no liberal theorist in the Hayekian mould, believing that government could act to mould common goals. But 'there is *no* natural consensus about what constitutes fair shares', he wrote in 1973: '*no* natural consensus that the "national interest" exists or should be pre-eminent, *no* natural consensus about the direction which economic growth should take or the uses to which its fruits should be put'.<sup>7</sup>

Planning for the welfare state had more success, because governments had more control over this area. Some issues were clarified: for the first time, the long-term impact of economic changes, novel technologies and new public demands on welfare services was systematically considered. But even so, the problem of *knowledge* remained. At the beginning of the decade, governments simply did not know enough about the agencies for which they were paying to judge exactly the resources needed by those services. By 1970, through public pressure and official inquiry, they knew more. This helped to foster a more sensitive, consultative and realistic approach.<sup>8</sup> But governments still had to rely on their subalterns, for example in the NHS and local authorities, to provide them with most of the information: and it took a great deal of political pressure, such as Crossman's on mental illness, to find out about particular subjects.<sup>9</sup>

The difficulty of *uncertainty* remained insoluble, for instance in the case of demographic change, which appeared so impossible to accommodate in the 1960s: with lower population forecasts emerging in the 1970s, the problem then declined

---

<sup>6</sup> J.E. Meade, *The theory of indicative planning* (MUP, Manchester, 1970), pp. 37-42

<sup>7</sup> Middleton, *Charlatans*, p. 267

<sup>8</sup> See above, e.g. pp. 172-4, 203-7, 220-1, 259-63, 308-11

<sup>9</sup> See above, pp. 305-11

somewhat in importance.<sup>10</sup> Even figures concerning the short-term, such as those regarding the balance of payments, were highly dubious and often unreliable.<sup>11</sup> As an inadequate framework for actual decisions, planning would remain simply one tool among many: Other problems flowed from this. Despite a decade of trying, public expenditure had still not been properly brought under strategic control: although Jenkins has carried real reductions, these seemed to have reached their limits by early 1970.<sup>12</sup> Much more information was now available on how much public goods cost, and about the relative costs and benefits of particular policies. The Treasury had begun to inquire inside departments as to how they actually made decisions. But there was still little evidence of real choice between policies at the centre, of which the decision to raise NHS charges instead of reducing the education budget in 1969 was one of the rare examples.<sup>13</sup>

The problem of *inheritance* was crucial here, for as the economist Ely Devons had observed while serving in the Ministry of Aircraft Production during the 1940s, there could not be one single planning effort that would transform any government agency. The burden of inherited infrastructure, past decisions, and formulae based on precedent were always too great.<sup>14</sup> The departmentalism of British Government was one good example of past practices that prevented public expenditure restraint, and as this thesis has shown, the real inheritance of dilapidation, squalor and need in the public services was on a truly daunting scale.

Both these factors lay behind the failure of new methods of expenditure control in the early 1970s. Programme Analysis and Review (PAR) was seen as one

---

<sup>10</sup> See above, pp. 168-70, 191-3, 219; A.F. Long, 'Planning, uncertainty and judgement: the case of population', in K. Barnard & K. Lee (eds.), *Conflicts in the National Health Service* (Croom Helm, London, 1977), pp. 190-1, 196-8, 206; N.L. Tranter, *British population in the twentieth century* (Macmillan, London, 1996), pp. 118-21; Meade, *Indicative planning*, p. 33

<sup>11</sup> Middleton, 'Struggling with the impossible: Sterling, the balance of payments, and British economic policy 1949-72', in W.L. Young & A. Arnon (eds.), *The open economy* (Kluwer Press, Amsterdam, forthcoming), pp. 5-9

<sup>12</sup> See above, pp. 195-6, 256, 292-3

<sup>13</sup> See above, p. 196

<sup>14</sup> E. Devons, *Planning in practice: essays in aircraft planning in war time* (CUP, Cambridge, 1950), pp. 17, 44

of the most important of the innovations of the incoming Heath government, though it had its roots in the Programme Committees and PPB work conducted in the 1960s.<sup>15</sup> PAR aimed to bring a number of specific programmes every year under close cost-benefit analyses, as part of the PESC process. However, since most of the reports were not 'action-orientated', and did not fit in with the time-scale of Ministers' immediate choices and needs, PAR failed to gain a permanent foothold.<sup>16</sup> Also, since the Treasury had to reach agreement every year with departments as to which programmes would be reviewed in this way, individual Ministries nominated the policy areas where they either already wanted a change of direction, or thought they could easily fend it off. PAR was finally abolished when the Conservatives came to power in 1979.<sup>17</sup> This is not to say, however, that economic analysis declined in importance, for cost-benefit analyses of specific infrastructure projects, later joined by the widespread target setting and review machinery of the 1980s and 1990s, were eventually to be some of the most important developments in British government.<sup>18</sup>

The general move away from long-term planning of *overall* budgets, and towards this more detailed micro-economic work, came to fruition only once cash limits were placed on expenditure in 1975/76, a policy that had been considered and rejected within the Treasury in 1968/69.<sup>19</sup> These cash limits acted as an 'efficiency partisan', forcing departments to bid for resources within an overall total – Plowden's original aim in 1961. Though only one element in the pressure for public expenditure control, along with rising taxation and the intervention of the IMF, the developing emphasis on choice and rationality of the later 1960s began truly to bite on political

---

<sup>15</sup> Heclo & Wildavsky, *Private government*, p. 268

<sup>16</sup> A. Gray & W.I. Jenkins, *Administrative politics in British government* (Wheatsheaf, Sussex, 1985), p. 113; B. Hogwood, *From crisis to complacency? Shaping public policy in Britain* (OUP, Oxford, 1987), pp. 133-4

<sup>17</sup> K. Theakston, 'The Heath Government, Whitehall and the civil service', in Ball & Seldon, *Heath government*, pp. 92-3

<sup>18</sup> P. Colvin, *The economic ideal in British government* (MUP, Manchester, 1985), pp. 3, 44-6, 53-6; Hennessy, *Whitehall*, esp. 594-605

<sup>19</sup> K. Burk & A. Cairncross, 'Goodbye Great Britain': the 1976 IMF crisis (Yale UP, New Haven, 1991), pp. 15, 108, 125, 184-5; C. Thain & M. Wright, *The Treasury and Whitehall: the planning and control of public expenditure 1976-93* (Clarendon Press, Oxford, 1995), pp. 42-3, 47-8; see above, p. 143

decisions.<sup>20</sup> Instead of avoiding choices through casting them far into the future, and constantly spending more in cash terms to compensate for the RPE and background inflation, governments would now have to adjust to reality.

Other elements of the planning moment came to look anachronistic. Confidence in government-led development, and more widely in economic growth and progress itself as achievable or even desirable aims, collapsed very quickly in the late 1960s and the 1970s. The resurgence of liberal economics, taken along with tight public expenditure limits from 1975/76 onwards, helped to undermine the idea of omniscient government planning.<sup>21</sup> Spending on regional policy, for instance, was greatly reduced in the 1980s, though incentives were used to aid individual projects in the reduced Development Areas.<sup>22</sup>

Disappointment was also evident on the Left, where disillusionment with utilitarian goals was widespread, fostered by a general awareness of some of the costs of economic growth – traffic congestion and urban sprawl, for instance.<sup>23</sup> The new environmental movement also emphasised ‘limits to growth’: the early 1970s saw the publication of a number of studies predicting resource exhaustion and energy crisis, which seemed to be borne out in the OPEC crises of that decade.<sup>24</sup> There was also a sense of moral sterility: following the experience of the 1950s and 1960s, few thought this would be solved by economic growth.<sup>25</sup>

One of the crucial elements examined in this work has been *ideology*. This approach should help to avoid analytical approaches that are too narrowly focussed on

---

<sup>20</sup> Self, *Econocrats*, p. 186

<sup>21</sup> e.g. R. Cockett, *Thinking the unthinkable: think tanks and the economic counter-revolution 1931-83* (HarperCollins, London, 1994), chapter 7, pp. 243-86

<sup>22</sup> R. Harris, ‘Retreat from policy: the rationale and effectiveness of automatic capital grants’, in *idem* & M. Hart (eds.), *Spatial policy in a divided nation* (Regional Studies Association, London, 1993), pp. 64-6

<sup>23</sup> E.J. Mishan, *The costs of economic growth* (Staples, London, 1967), p. 8

<sup>24</sup> D.H. Meadows *et al*, *Limits to growth* (Earth Island, London, 1972), *passim*, esp. pp. 48-55, 69-73, 183; E.F. Schumacher, *Small is beautiful* (Blond & Briggs, London, 1973), p. 23

<sup>25</sup> e.g. Schumacher, *Small*, p. 33

the state as a single, rational, independent actor on the one hand, and corporatist ideas that cause us to see governments only as ciphers for interest group conflict on the other. This work has demonstrated the limits to consensus, by examining some of the relationships between social change, interest-group conflict and independent government action.<sup>26</sup> It has shown that political parties, and not the functional interest groups of political science, were often the vital component in policy-making. Alongside the prevailing appeal to technocratic managerialism, traditional doctrinal divisions between the parties remained. Conservative discontent over comprehensive schooling, threats to the Green Belt, and over the egalitarian nature of the NHS, placed real constraints on the Macmillan and Douglas-Home administrations.<sup>27</sup> Labour Party pressure for a more 'selective' industrial policy was very important in promoting the Wilson Government's move in that direction.<sup>28</sup> The variations of different parties' policies while in government therefore also acted to restrain long-term planning.

But there was also a more fundamental flaw in the ideology of planning, for although long-term projections, more economic analysis, and better administration were and are desirable and useful, in the 1960s and early 1970s these methods were turned into an end in themselves. This was the key error. Government through planning turned out to be an illusion, because forwarding the public good does not, and cannot, reside in a single moment of panoptical technocratic decision. Nor can good governance be embodied in a series of regular 'plans', however detailed, frequent, or open to review, for it exists rather in constant judgement between social, moral, economic, administrative and political priorities – a fact which Ministers were just beginning to realise in the late 1960s. More information, reconstituted administrative machinery, and increased consultation can only be adjuncts to such decisions. In short, to govern is to choose.

---

<sup>26</sup> As recommended in P. Hall, *Governing the economy: the politics of state intervention in Britain and France* (Polity, Cambridge, 1986), pp. 15-20. For 'state-centred' approaches, see T. Skocpol, 'Bringing the state back in: strategies of analysis in current research', in *idem*, P.B. Evans & D. Rueschemeyer (eds.), *Bringing the state back in* (CUP, Cambridge, 1985), esp. pp. 3-11; for 'social-centred' approaches, see above, pp. 20-3

<sup>27</sup> See above, pp. 178-80, 227-30, 264-74

<sup>28</sup> See above, pp. 120-2, 160-1



## **BIBLIOGRAPHY**

### **Unpublished manuscript sources.**

#### **British Library of Economics and Political Science, London**

Anthony Crosland papers

Ministerial files: ACP 5

Correspondence, 1950-1966: ACP 10

#### **Brotherton Library, University of Leeds**

Association of Education Committees: MS 618

Edward Boyle papers: MS 660

AEC papers on Burnham Committee: MS 795

#### **Churchill College Archive Centre, Churchill College, Cambridge**

Richard ('Otto') Clarke papers

Treasury files, 1945-1966: CLRK 1

Patrick Gordon-Walker papers

Secretary of State for Education files: GNWR 4

Selwyn Lloyd papers

Letters and diaries: SELO 2, SELO 4

Michael Stewart papers

Relations with NUT: STWT 2

Diaries and journals: STWT 8

Political and Ministerial files: STWT 9

#### **King's College Cambridge archives**

Nicholas Kaldor papers: NK ser. 3, Correspondence

NK ser. 10, Advice to Labour Governments

Richard Kahn papers: KAHN ser. 10, advice to DEA

#### **Modern Papers Department, Bodleian Library, Oxford**

Conservative Research Department papers: CRD 2 (for 1945-64), CRD 3 (for 1964-70)

Leader's Consultative Committee papers: LCC  
 Advisory Committee on Policy Papers: ACP  
 Conservative Central Office papers: CCO 20, Chairman's papers, CCO 180,  
 Public opinion department  
 Conservative Party pamphlets and leaflets (microfiche, *Harvester archives of the British Conservative Party*, series one, part seven), 1957-1963  
 Conservative Party Speeches, series one (microfilm), 1961-68  
 Harold Macmillan papers: Macmillan diary, 1959-61, original copies, dep. D. 42, 44, and transcripts, dep. d. 20/1, 21/1

#### **Labour history archive and study centre, John Rylands Library, Manchester**

Labour Party, National Executive Committee minutes  
 Labour Party, National Executive Committee sub-committee and study group papers:  
 Finance and economic policy sub-committee, 1960-64  
 Finance and economic policy advisory committee, 1966-67  
 Science and industry sub-committee, 1961-64  
 Study group on building industry, 1963-64  
 Penal reform and crime prevention study group, 1962-64  
 Alternatives to the Common Market, 1962  
 Regional planning conference, 1964  
 Regional planning policy study group, 1967-70  
 Science and education committee, 1965-1968  
 Social policy advisory committee, 1965-68  
 Labour Party Research Department, general papers (microfiche, *Harvester archives of the British Labour Party*, series one and two)

#### **Modern Records Centre, University of Warwick**

FBI files (MSS 200): Committee files, F/1/1  
 Sir Norman Kipping papers, F/3/D3  
 Sir Cyril Harrison papers, F/3/P7  
 Economic Directorate papers, F/3/E3  
 CBI files (MSS 200C): Sir Maurice Laing papers, C/3/P1  
 Sir Stephen Brown papers, C/3/P2  
 John Davies files, DG 1

	Economic Committee files, C/1/1/E
<b>TUC files 1960-70 (MSS 292B):</b>	General Council minutes and papers, 20
	Labour conditions and National Insurance, 100-199
	Labour-capital relations, 200-299
	Capitalism, trusts and companies, 300-399
	Finance, banking and insurance, 400-499
	Trade, production and economics, 500-599

#### **Public Record Office, Kew**

<b>Board of Trade:</b>	Distribution of Industry & regional division, BT 177
	National Advisory Council on Industry, BT 190
	Commodities and general division, BT 213
	Industries and manufactures department, BT 258
	Finance division, BT 279
	Industrial and commercial policy, BT 360
<b>Office of the Lord President of the Council and the Minister for Science:</b>	CAB 124
<b>Cabinet minutes and memoranda:</b>	CAB 128, CAB 129
<b>Cabinet Committee papers:</b>	CAB 130, CAB 134
<b>Paymaster-General and Minister Without Portfolio papers:</b>	CAB 151
<b>DEA papers:</b>	Central environmental planning unit, EW 6
	Regional planning division, EW 7
	Growth, prices and incomes Policy Division, EW 8
	North-western regional office, EW 11
	Minister of State's private office files, EW 16
	West Midlands regional office, EW 19
	South-western regional office, EW 22
	South-east and East Anglia regional office, EW 23
	Economic planning division, EW 24
	Public expenditure division, EW 25
	Industrial policy group, EW 26
	Industrial policy division, EW 27
	First Secretary's private office files, EW 28
<b>Ministry of Education:</b>	Technical and Further Education branch, ED 46

	Universities and teacher branches, ED 86
	Finance branch, ED 100
	HE and FE branch (from 1967), ED 107
	Burnham Committee, teachers' pay, ED 108
	HM Inspectors' Reports, ED 109
	Circulars and administrative memoranda, ED 142
	Primary and secondary education, ED 147
	Architects and building branch, ED 150
	Research and intelligence (planning) branch, ED 181
	Statistics unit, ED 189
	A&B branch (from 1965), ED 203
	Committee on day release, ED 204
	Schools branch (from 1966), ED 207
Department of Industrial and	
Scientific Research:	Building industry research, DISR 4
Environment Department papers:	Development plans and regional policy, AT 36
Housing and Local Government papers:	Publications and circulars, HLG 72
	Housing policy, HLG 117, 118
	Local government, policy and procedure, HLG 120
	Urban planning directorate, HLG 136
Inland Revenue:	Taxes division, IR 40
Ministry of Health/DHSS:	DHSS Secretary of State, private office files, BN 72
	Public health services' files, MH55
	General health correspondence, MH 58
	Parliamentary Bill papers, MH 80
	Welsh Board of Health files, MH 96
	Hospital service files, MH 99
	Circulars and administrative memoranda, MH 119
	Specialist hospital services' files, MH 123
	Social welfare service papers, MH 130
	Central Health Services Council papers, MH 133
	Local health authority files, MH 134
	Dental and ophthalmic service files, MH 135
	National Health Service, general policy, MH 137
	Environmental health service files, MH 148
	Pharmaceutical/ therapeutic service files, MH 149

	Psychiatric and ancillary service files, MH 150
	Health Service staffing and remuneration, MH 153
	Local authority social service files, MH 154
	Local authority services, MH 156
	Health Service medical & nursing division, MH 159
	Hospitals, registered files, MH 160
	Training, appointment and remuneration, MH 165
	Hospital construction files, MH 166
	Accountant General's department, MH 170
Ministry of Labour:	Employment policy, LAB 8
	Finance division, LAB 9
	Industrial relations files, LAB 10
	Trade Boards and Wages Councils papers, LAB 11
	Solicitor's Department, LAB 16
	Industrial training files, LAB 18
Ministry of Technology:	Finance and machine tools division, FV 3
	Industrial policy division, FV 11
	Machine tools and machinery division, FV 28
NEDC papers:	Minutes and papers, FG 1
NEDO papers:	Correspondence, FG 2
	Publications, FG 4
Prime Minister's papers:	Papers for 1959-1964, PREM 11
	Papers for 1964-1970, PREM 13
Public Building and Works:	Construction industry, WORK 45
	Building licensing, WORK 74
Treasury papers:	Finance Bill files, T 171
	Agriculture, trade and transport division, T 224
	Social services division, T 227
	Economic advisory section, T 230
	Home and overseas planning, 1956-58, T 234
	Treasury committee papers, T 277
	Plowden Committee papers, T 291
	Overseas finance and exchange control, T 295
	National resources division, 1958-62, T 298

	National economy group, T311
	Overseas finance and co-ordination division, T 312
	Balance of Payments division, T 318
	Public income and outlay, T 320
	Sir Richard Clarke papers, T 325
	Finance, home and general division, T 326
	Fiscal and incomes policy division, T 328
	General expenditure division, T 331
Social Services Co-ordinating Staff:	Papers and memoranda, CAB 152
Social Survey:	Papers and Reports, RG 23
University Grants Committee:	Registered files, UGC 7

### **Trade Union Congress Library, University of North London**

UK economic conditions and NEDC, HC 256  
 TUC pamphlets, HD 6661  
 Cost of living files (1951-93), HD 6978-9  
 Trade and Commerce: Federation of British Industry reports (1922-64), HF 302  
 Press cuttings file 197, on NEDC (1962-64)

### **University College, London, archives**

Hugh Gaitskell papers:	Boxes C 69, C 75, C 78, Economic planning, 1951-62
	Boxes 92, 96, 98, Labour Party papers, 1953-55
	Boxes C 314-16, Parliamentary correspondence, 1959-62
	Boxes F 23, F 24, general correspondence, 1961/62

### **Author interviews**

Lord Deedes, interview, London, 9 August 2000  
 Lord Rodgers, interview, House of Lords, 29 June 2000  
 Lord Short, interview, House of Lords, 10 October 2000

## Printed primary sources.

### Command papers.

- Cmd. 8655, *Ministry of Health report for 1951* (September 1953)
- Cmnd. 169, *Report of the Royal Commission on the law relating to mental illness and mental deficiency* (May 1957)
- Cmnd. 604, *Secondary education for all: a new drive* (December 1958)
- Cmnd. 827 (Radcliffe Report), *Report of the committee on the working of the monetary system* (August 1959)
- with the relevant *memoranda of evidence*, Volume II (1960)
- Cmnd. 939, *Report of the Royal Commission on doctors' and dentists' remuneration, 1957-1960* (February 1960)
- Cmnd. 1051 (Anderson Report), *Grants to students* (1960)
- Cmnd. 1086, *Ministry of Health report for 1959* (July 1960)
- Cmnd. 1088, *Education in 1959* (July 1960)
- Cmnd. 1254, *Better opportunities in technical education* (January 1961)
- Cmnd. 1418, *Ministry of Health report for 1960* (July 1961)
- Cmnd. 1432 (Plowden Report), *The control of public expenditure* (July 1961)
- Cmnd. 1602, *A hospital plan for Scotland* (January 1962)
- Cmnd. 1604, *A hospital plan for England and Wales* (January 1962)
- Cmnd. 1754, *Ministry of Health report for 1961* (July 1962)
- Cmnd. 1892, *Industrial training: government proposals* (December 1962)
- Cmnd. 1973, *Health and welfare: the development of community care* (April 1963)
- Cmnd. 2050, *Housing 1963* (June 1963)
- Cmnd. 2062, *Ministry of Health report for 1962* (June 1963)
- Cmnd. 2154 (Robbins report), *Higher education* (October 1963)
- Cmnd. 2165, *Higher education: government statement on the report of the committee under the chairmanship of Lord Robbins 1961-1963* (November 1963)
- Ministry of Education (Newson report), *Half our future* (1963)
- Cmnd. 2228, *A national building agency* (December 1963)
- Cmnd. 2235, *Public expenditure in 1963/64 and 1967/68* (December 1963)
- Cmnd. 2306 (Kilbrandon Report), *Children and young persons, Scotland* (April 1964)
- Cmnd. 2389, *Ministry of Health report for 1963* (July 1964)
- Cmnd. 2577, *Machinery of Prices and Incomes Policy* (February 1965)
- Cmnd. 2592, *Statement on the defence estimates* (February 1965)

Cmnd. 2605 (Milner Holland Report), *Report of the committee on housing in Greater London* (March 1965)

Cmnd. 2639, *Prices and incomes policy* (April 1965)

Cmnd. 2645, *Taxation of capital gains* (April 1965)

Cmnd. 2646, *The corporation tax* (April 1965)

Cmnd. 2651, *Steel nationalisation* (April 1965)

Cmnd. 2688, *Ministry of Health report for 1964* (July 1965)

Cmnd. 2742, *The child, the family and the young offender* (August 1965)

Cmnd. 2764, *The national plan* (September 1965)

Cmnd. 2838, *The housing programme 1965 to 1970* (November 1965)

Cmnd 2877, *Review of the hospital plan for Scotland* (February 1966)

Cmnd. 2916, *Leasehold reform in England and Wales* (February 1966)

• Cmnd 2986, *The selective employment tax* (May 1966)

Cmnd. 3000, *The hospital building programme: a revision of the hospital plan for England and Wales* (May 1966)

Cmnd. 3006, *A plan for Polytechnics and other Colleges: Higher Education in the Further Education system* (May 1966)

Cmnd. 3022, *Health and welfare: the development of community care, revision to 1975/76* (June 1966)

Cmnd. 3039, *Ministry of Health report for 1965* (July 1966)

Cmnd. 3065, *Social work and the community: proposals for reorganising local authority services in Scotland* (October 1966)

Cmnd 3074, *Prices and incomes standstill* (July 1966)

Cmnd 3150, *Prices and incomes standstill: period of severe restraint* (November 1966)

Cmnd 3235, *Prices and incomes policy after 30th June 1967* (March 1967)

Cmnd 3310, *The development areas: regional employment premium* (June 1967)

Cmnd. 3311, NBPI report 36, *Productivity agreements* (June 1967)

Cmnd. 3326, *Ministry of Health report for 1966* (July 1967)

Cmnd. 3333, *Town and country planning* (July 1967)

Cmnd. 3438, *Fuel policy* (November 1967)

Cmnd. 3509, *Industrial expansion* (January 1968)

Cmnd. 3541 (Dainton Report), *Enquiry into the flow of candidates in science and technology into higher education* (February 1968)

Cmnd 3569 (Todd Report), *Royal Commission on medical education 1965-68: report* (April 1968)



Cmnd 3590, *Productivity, prices and incomes policy in 1968 and 1969* (April 1968)

Cmnd. 3601, *Children in trouble* (April 1968)

Cmnd. 3602, *Old houses into new homes* (April 1968)

Cmnd. 3623 (Donovan Report), *Report of the Royal Commission on Trade Unions and Employers' Associations* (June 1968)

Cmnd. 3687, *Findings and recommendations following enquiries into allegations concerning the care of elderly patients in certain hospitals* (July 1968)

Cmnd. 3702, *Ministry of Health report for 1967* (July 1968)

Cmnd. 3703 (Seebohm Report), *Report of the committee on local authority and allied personal social services* (July 1968)

Cmnd. 3760 (Swann Report), *The flow into employment of scientists, engineers and technologists* (September 1968)

Cmnd 3787, *The Basle facility and the Sterling Area* (October 1968)

Cmnd 3888, *In place of strife: a policy for industrial relations* (January 1969)

Cmnd. 3936, *Public expenditure 1968-69 to 1970-71* (February 1969)

Cmnd. 3975, *Report of the committee of inquiry into allegations of ill-treatment of persons and other irregularities at the Ely Hospital, Cardiff* (March 1969)

Cmnd 3998, *The intermediate areas* (April 1969)

Cmnd 4017, *Public expenditure: a new presentation* (April 1969)

Cmnd. 4040, *Royal Commission on local government in England*, vol. I, *Report* (June 1969)

Cmnd. 4100, *Annual report of the DHSS for 1968* (July 1969)

Cmnd 4136, NBPI report 123, *Productivity agreements* (August 1969)

Cmnd 4237, *Productivity, prices and incomes policy after 1969* (December 1969)

Cmnd. 4462, *Annual report of the DHSS for 1969* (September 1970)

Cmnd. 5035, *Annual report of the DHSS for 1970* (July 1972)

Cmnd. 4603, *Better services for the mentally handicapped* (June 1971)

Cmnd. 4714, *Annual report of the DHSS for 1971* (July 1971)

Cmnd. 5258, *Report of the population panel* (March 1973)

Cm. 4045, *Bringing Britain together: a national strategy for neighbourhood revival* (September 1998)

#### **Other Parliamentary papers.**

Board of Trade/ Ministry of Technology, *Reports on the Local Employment Acts* (1962-1970)

*Idem*, *Reports on the Industrial Development Act* (1967-70)

*House of Commons debates*, series seven, various volumes  
*Public bills and minutes of proceedings*, 1959/60-1969/70  
*Public general acts and measures*, 1959/60-1969/70  
*Reports from House of Commons Committees 1960-61: School building*, eighth report of the Estimates Committee  
*Reports from House of Commons Committees 1961-62: School building*, second special report of the Committee on Estimates (Observations of the Minister of Education and the Secretary of State for Scotland)

**Other official Government papers.**

Central Advisory Committee for Education (England), *15 to 18* (HMSO, London, 1959)  
 • *Idem*, *Half our future* (HMSO, London, 1963)  
*Idem*, (Plowden report), *Children and their primary schools* (HMSO, London, 1967)  
 Ministry of Education, *The story of post-war school building* (HMSO, London, 1957)  
 Department of Economic Affairs, *Progress report* (various issues, HMSO, London, 1965-69)  
*Idem*, *The West Midlands: a regional study* (HMSO, London, 1965)  
*Idem*, *The North West: a regional study* (HMSO, London, 1965)  
*Idem*, *Economic planning in the regions* (HMSO, London, 1966)  
*Idem*, *The development areas: proposal for a regional employment premium* (HMSO, London, 1967)  
*Idem*, *The task ahead: economic assessment to 1972* (HMSO, London, 1969)  
 Department of the Environment (Skeffington Report), *People and planning: report of the committee on public participation in planning* (HMSO, London, 1969)  
*Idem*, *British cities: urban population and employment trends 1951-1971* (HMSO, London, 1976)  
*Idem*, *Long term population distribution in Great Britain: a study* (HMSO, London, 1971)  
 Department of the Environment, Transport and the Regions, *Towards an urban renaissance* (HMSO, London, June 1999)  
 Ministry of Health (Platt Report) *Report of the joint working party on the medical staffing structure of Great Britain* (HMSO, London, 1961)  
*Idem*, *Hospital building note 7: accommodation for nursing staff* (September 1961)  
*Idem*, *Hospital building note 12: outpatient department* (December 1961)  
*Idem*, *A hospital plan for England and Wales: revision to 1972-73* (April 1963)

*Idem* (Salmon Report), *Report of the committee on senior nursing structure* (HMSO, London, 1966)

*Idem*, *National Health Service: the administrative structure of the medical and related services in England and Wales* (HMSO, London, 1968)

*Idem*, *National Health Service: the future structure of the National Health Service* (HMSO, London, 1970)

Department of Health and Social Security, *Health and personal social services statistics for England and Wales* (HMSO, London, various issues)

Ministry of Housing and Local Government, *Flats and houses 1958: design and economy* (HMSO, London, 1958)

*Idem* (Parker Morris Report), *Homes for today and tomorrow* (HMSO, London, 1961)

*Idem*, *The south east study 1961-1981* (HMSO, London, 1964)

• *Idem* (Denington Report), *Our older homes: a call for action* (HMSO, London, 1966)

*Idem*, *The Deeplish study: improvement possibilities in a district of Rochdale* (HMSO, London, 1966)

MHLG Planning bulletin 1, *Town centres: approach to renewal* (HMSO, London, 1962)

*idem* 2, *Residential areas: higher densities* (HMSO, London, 1962)

*idem* 3, *Town centres: cost and control of development* (HMSO, London, 1963)

MHLG Design Bulletin 5, *Landscaping for flats* (HMSO, London, 1963)

*Idem* 7, *Housing cost yardstick for schemes at medium and high densities* (HMSO, London, 1963)

*Idem* 14, *House planning: a guide to user needs* (HMSO, London, 1968)

*Idem* 16, *Co-ordination of components in housing: metric dimensional framework* (HMSO, London, 1968)

Scottish Home and Health Department, *Administrative reorganisation of the Scottish Health Services* (HMSO, Edinburgh, 1968)

MHLG Design Bulletin 18, *Designing a low-rise housing system: the pilot project at Sheffield* (HMSO, London, 1970)

*Idem* 20, *Moving out of a slum: a study of people moving from St Mary's, Oldham* (HMSO, London, 1970)

*Idem* 21, *Families living at high density: a study of estates in Leeds, Liverpool and London* (HMSO, London, 1970)

*Idem*, *New housing in a cleared area: a study of St Mary's, Oldham* (HMSO, London, 1971)

Ministry of Technology, *The Ministry of Technology 1964-69* (HMSO, London, 1969)

*Idem*, *Statistics of science and technology 1-4* (HMSO, London, 1967-70)

National Economic Development Council, *Conditions favourable to faster growth* (HMSO, London, 1963)

*Idem*, *Growth of the UK economy to 1966* (HMSO, London, 1963)

National Economic Development Office, *Productivity, prices and incomes*, reports 1-4 (HMSO, London, 1967-70)

*Idem*, *Business efficiency: an ABC of advisory services* (HMSO, London, 1968)

*Idem*, *Economic assessment to 1972: industrial report by the motor manufacturing EDC* (HMSO, London, 1970)

*Idem*, *Economic assessment to 1972: industrial report by the mechanical engineering EDC* (HMSO, London, 1970)

*Idem*, *Economic assessment to 1972: industrial report by the chemicals EDC* (HMSO, London, 1970)

• Northern Economic Planning Council, *Challenge of the changing north* (HMSO, London, 1966)

North West Economic Planning Council, *Strategy II: the North West of the 1970s* (HMSO, London, 1967)

Office of Population Censuses and Surveys, *Population trends* (various issues, HMSO, London, 1975f)

*Idem*, *Population projections 1987-2027* (HMSO, London, 1989)

Planning Advisory Group, *The future of development plans* (HMSO, London, 1965)

Public Schools Commission, *First report* (HMSO, London, March 1968)

*Idem*, *Second report* (HMSO, London, January 1970)

Scottish Council (Toothill Report), *Development and industry: report of inquiry into the Scottish economy 1960/61* (Scottish Council, Edinburgh, 1961)

Scottish Office, *Scottish health statistics* (HMSO, Edinburgh, various issues)

South East Economic Planning Council, *A strategy for the South East* (HMSO, London, 1967)

South West Economic Planning Council, *Region with a future: a draft strategy for the South West* (HMSO, London, 1967)

HM Treasury, *Economic prospects to 1972 – a revised assessment* (HMSO, London, 1970)

Welsh Office, *National Health Service: the re-organisation of the National Health Service in Wales* (HMSO, Cardiff, 1970)

West Midlands Economic Planning Council, *The West Midlands: patterns of growth* (HMSO, London, 1967)

Yorkshire and Humberside Economic Planning Council, *A review of Yorkshire and Humberside* (HMSO, London, 1966)

### Other printed primary sources.

- B. Abel-Smith & R. Titmuss, *The cost of the National Health Service in England and Wales* (NIESR, Cambridge, 1959)
- M. Abrams, R. Rose, & R. Hinden, *Must Labour lose?* (Penguin, Harmondsworth, 1960)
- M. Abrams, 'Public opinion polls and political parties', *Public opinion quarterly* 27 (1963), pp. 9-18
- American Economic Association/ Royal Economic Society, *Surveys of economic theory: growth and development*, vol. II (Macmillan, London, 1969)
- T. Balogh, 'Planning for progress: a strategy for Labour', *Fabian tract* 346 (Fabian Society, London, 1963)
- Idem*, 'The apotheosis of the dilettante', in H. Thomas (ed.), *Crisis in the civil service* (Anthony Blond, London, 1968), pp. 11-52
- S. Beer, 'One-party government for Britain?', *Political quarterly* 32 (1961), pp. 114-123
- C. Benn, 'Elites versus equals: the political background to the comprehensive reform', in D. Rubinstein (ed.), *Education and equality* (Penguin, Harmondsworth, 1979), pp. 191-206
- T. Benn, *Out of the wilderness: diaries 1963-67* (Hutchinson, London, 1987)
- Idem*, *Office without power: diaries 1968-72* (Hutchinson, London, 1988)
- J.A. Brand, 'Ministerial control and local autonomy in education', *Political quarterly* 36, 2 (1965), pp. 154-63
- R.F. Bretherton, *Demand management 1958-64* (ICBH, London, 1999)
- E. Bridges, *Treasury control* (Athlone Press, 1950)
- S. Brittan, *Left or right: the bogus dilemma* (Secker & Warburg, London, 1968)
- Idem*, *Steering the economy* (Secker & Warburg, London, 1969)
- Idem* (ed., 2<sup>nd</sup> edn.), *The economic consequences of democracy* (Wildwood, Aldershot, 1988)
- G. Brown, *In my way* (Penguin, Harmondsworth, 1971)
- Lord Butler, *The art of the possible* (Hamish Hamilton, London, 1971)
- J. Callaghan, *Time and chance* (Collins, London, 1987)
- A. Cairncross (ed.), *The Robert Hall diaries 1954-61* (Unwin Hyman, London, 1991)
- Idem*, *The Wilson years: a Treasury diary 1964-69* (Historians' Press, London, 1997)
- Idem*, *Diaries: the Radcliffe Committee and the Treasury 1961-64* (ICBH, London, 1999)
- B. Castle, *The Castle diaries 1964-1970* (Weidenfeld, London, 1974)
- Idem*, *Fighting all the way* (Macmillan, London, 1993)
- Idem*, *The Castle diaries 1964-76* (Papermac edn., London, 1990)
- F. Campbell, *Eleven-plus and all that* (Watts, London, 1956)

- F. Catherwood, 'The National Economic Development Council: a view from industry', *TCBH* 12, 1 (1998), pp. 77-81
- Central Statistical Office, *Monthly digest of statistics* (HMSO, London, 1957f)
- Idem*, *Retail prices 1900-1990* (HMSO, London, 1991)
- C. Clark, *Growthmanship* (IEA, London, 1961)
- R. Clarke, *Industry and the Ministry of Technology* (HMSO, London, 1967)
- Idem*, *Public expenditure, management and control: the development of the Public Expenditure Survey Committee* (Macmillan, London, 1978)
- K. Coates, *The crisis of British Socialism: essays on the rise of Harold Wilson and the fall of the Labour Party* (Bertrand Russell Foundation, Nottingham, 1971)
- C.B. Cox & A.E. Dyson (eds.), *The black papers on education* (Davis-Poynter, London, 1971)
- *Idem*, *The great betrayal* (Chapmans, London, 1992)
- F.W.S. Craig, *British general election manifestos 1959-1987* (3<sup>rd</sup> edn., Dartmouth Publishing, Aldershot, 1990)
- A. Crosland, *The future of Socialism* (Jonathan Cape, London, 1956)
- Idem*, 'The future of the Left', *Encounter* 14, 3 (1960), pp. 3-12
- Idem*, 'On economic growth', *Encounter* 16, 4 (1961), pp. 65-8
- Idem*, *The Conservative enemy: a programme of radical reform for the 1960s* (Jonathan Cape, London, 1962)
- Idem*, *Socialism now* (Jonathan Cape, London, 1974)
- R. Crossman, 'The spectre of revisionism', *Encounter* XIV, 4 (1960), pp. 24-8
- Idem*, 'Labour in the affluent society', *Fabian tract* 325 (London, 1960)
- Idem*, *Planning for freedom* (Hamish Hamilton, London, 1965)
- Idem*, 'Paying for the social services', *Fabian tract* 399 (London, 1969)
- Idem*, *The Crossman diaries* (Mandarin, London, 1991 1 vol. edn.)
- J.B. Cullingworth, *Housing needs and planning policy: a restatement of the problems of housing need and 'overspill' in England and Wales* (Routledge & Kegan Paul, London, 1960)
- T. Dayell, *Dick Crossman: a portrait* (Weidenfeld & Nicolson, London, 1989)
- E.F. Denison, 'Measuring the contribution of education to economic growth', in E.A.G. Robinson & J. Vaizey (ed.), *The economics of education* (St Martin's Press, New York, 1966), pp. 202-60
- Idem*, *Why growth rates differ: post-war experience in nine western countries* (Brookings Institute, Washington DC, 1967)

- E. Devons, *Planning in practice: essays in aircraft planning in wartime* (Cambridge UP, Cambridge, 1950)
- J. Diamond, *Public expenditure in practice* (Allen & Unwin, London, 1975)
- L.A. Dicks-Mireau, 'The interrelationship between cost and price changes 1946-1959', *Oxford economic papers* 13, 3 (1961), pp. 267-92
- Idem* & J.C.R. Dow, 'The determination of wage inflation: the United Kingdom 1946-1956', *Journal of the Royal Statistical Society series A*, vol. 122, par. 2 (1959), pp. 145-74
- J.W.B. Douglas, *The home and the school: a study of ability and attainment in the primary school* (Macgibbon & Kee, London, 1964)
- Idem*, J.M. Ross & H.R. Simpson, *All our future: a longitudinal study of secondary education* (Panther, London, 1968)
- J.C.R. Dow, 'Analysis of the generation of price inflation: a study of cost and price changes in the United Kingdom 1946-54', *Oxford economic papers* 8, 3 (1956), pp. 252-99
- Idem*, *The management of the British economy 1945-1960* (Cambridge UP, Cambridge, 1964)
- Evan Durbin, *The politics of democratic Socialism* (Routledge, London, 1940)
- K. Eide, 'Educational developments and economic growth in OECD member countries', in Robinson & Vaizey, *Economics of education*, pp. 174-201
- J. Floud, A.H. Halsey & F.M. Martin, *Social class and educational opportunity* (Heinemann, London, 1957)
- P. Foot, *The politics of Harold Wilson* (Penguin, Harmondsworth, 1968)
- J.R. Hall & D.V. Glass, 'Education and social mobility', in Glass (ed.), *Social mobility in Britain* (Routledge & Kegan Paul, London, 1954), pp. 291-307
- U.K. Hicks, 'Choice, efficiency and control in the public services', in A.T. Peacock & D.J. Robertson (eds.), *Public expenditure: appraisal and control* (Oliver & Boyd, Edinburgh, 1963), pp. 146-64
- J.K. Galbraith, *The affluent society* (Hamish Hamilton, London, 1958)
- Idem*, *The new industrial state* (Hamish Hamilton, London, 1967)
- G. Godber, *The Health Services: past, present and future* (Athlone Press, London, 1975)
- P. Gordon Walker, *Political diaries 1932-1971* (Historians' Press, London, 1991)
- P.G. Gray, *The housing situation in 1960* (HMSO, London, 1962)
- J. Grimond, *The Liberal challenge* (Hollis & Carter, London, 1963)
- Lord Hailsham, *Science and politics* (Faber & Faber, London, 1963)
- Idem*, *The door wherein I went* (Collins, London, 1975)
- A.H. Halsey, 'Social mobility and education', in Rubinstein (ed.), *Education and equality*, pp. 57-78



- Idem*, *Educational priority* (HMSO, London, 1972)
- R. Harrod, 'An essay in dynamic theory', *Economic journal* 49 (1939), pp. 14-33
- R. Harrod, *The British economy* (McGraw-Hill, London, 1963)
- F. von Hayek, *The road to serfdom* (Routledge, London, 1944)
- D. Healey, *The time of my life* (Michael Joseph, London, 1989)
- E. Heath, *The course of my life* (Hodder and Stoughton, London, 1998)
- P.D. Henderson (ed.), *Economic growth in Britain* (Weidenfeld, London, 1966)
- R. Hoggart, *The uses of literacy* (Penguin, Harmondsworth, 1958)
- G. Howe, 'Reform of the social services', in D. Howell & T. Raison (eds.), *Principles in practice: a series of Bow Group essays for the 1960s* (CPC, London, 1961), pp. 58-73
- D. Houghton, *Paying for the social services* (IEA, London, 1967)
- B. Jackson & D. Marsden, *Education and the working class* (Routledge & Kegan Paul, London, 1962)
- D. Jay, *Socialism in the new society* (Longmans, London, 1962)
- Idem*, *Change and fortune* (Hutchinson, London, 1980)
- P. Jay, *A general hypothesis of employment, inflation and politics* (IEA, London, 1976)
- R. Jenkins, *A life at the centre* (Macmillan, London, 1991)
- J. Jewkes, *The new ordeal by planning* (Macmillan, London, 1968)
- N. Kaldor, 'Alternative theories of distribution', *Review of economic studies* 23 (1956), pp. 83-100
- Idem*, *Causes of the slow rate of economic growth of the UK* (Cambridge UP, Cambridge, 1966)
- Idem*, 'Conflicts in policy objectives', in *idem*, *Conflicts in policy objectives* (Blackwell, Oxford, 1971), pp. 1-19
- Idem*, *Essays on economic policy*, vol. II (Duckworth, London, 1980)
- C. King, *The Cecil King diaries 1965-70* (Jonathan Cape, London, 1972)
- A. Koestler (ed.), *Britain: suicide of a nation?* (Hutchinson, London, 1963)
- Labour Party, *Challenge to Britain: a programme of action for the next Labour Government* (Labour Party, London, 1953)
- Idem*, *Industry and society* (Labour Party, London, 1957)
- Idem*, *The future Labour offers you* (Labour Party, London, 1958)
- Idem*, *Members one of another: Labour's policy for health* (Labour Party, London, 1959)
- Idem*, *The Britain we want: Labour shows the way* (Labour Party, London, 1959)
- Idem*, *Plan for progress* (Labour Party, London, 1961)
- Idem*, *Signposts for the sixties* (Labour Party, London, 1961)

- Idem, Signposts for Scotland* (Labour Party, London, 1961)
- Idem, Science and the future of Britain* (Labour Party, London, 1961)
- Idem, Twelve wasted years* (Labour Party, London, 1963)
- Idem, Let's go with Labour for the New Britain: manifesto for the 1964 election* (Labour Party, London, 1964)
- Idem, Conference reports* (Labour Party, London, various years)
- R.G. Lipsey, 'The relation between unemployment and the rate of change of money wages rates in the United Kingdom 1862-1957: a further analysis', *Economica*, new series, 28, 105 (1960), pp. 1-31
- A. Lewis, *Principles of economic planning* (Dobson, London, 1949)
- D. MacDougall, *Don and mandarin: memoirs of an economist* (John Murray, London, 1987)
- H. Macmillan, *The middle way: a study of the problem of economic and social progress in a free and democratic society* (Macmillan, London, 1938)
- N. Macrae, *Sunshades in October* (Allen & Unwin, London, 1963)
- S. Maclure (ed.), *Comprehensive planning: a symposium on the reorganisation of secondary education* (Councils and Education Press, London, 1965)
- H. Macmillan, *Pointing the way, 1959-1961* (Macmillan, London, 1972)
- Idem, At the end of the day, 1961-1963* (Macmillan, London, 1973)
- R. Maudling, *Memoirs* (Sidgwick & Jackson, London, 1978)
- Medical Services Review Committee, *A review of the medical services in Great Britain* (Social Assay, London, 1962)
- J.E. Meade, *A neo-classical theory of economic growth* (Allen & Unwin, London, 1961)
- Idem, The theory of indicative planning* (Manchester UP, Manchester, 1970)
- E.J. Mishan, *The costs of economic growth* (Staples, London, 1967)
- J. Mitchell, *Groundwork to economic planning* (Secker & Warburg, London, 1966)
- P. Morris, *Put away: a sociological study of institutions for the mentally retarded* (Routledge, London, 1969)
- National Union of Teachers, *The state of our schools* (NUT, London, 1963)
- L. Needleman, 'A long-term view of housing', *National institute economic review* 18 (November 1961)
- OECD, *Policies for faster growth* (OECD, Paris, 1962)
- Idem, Policies for price stability* (OECD, Paris, 1962)
- Idem, Policies for prices, profits and other non-wage incomes* (OECD, Paris, 1964)
- Idem, Social expenditure 1960-1990: problems of growth and control* (OECD, Paris, 1985)

- D. Paige & K. Jones, *Health and welfare services in Britain in 1975* (Cambridge UP, Cambridge, 1966)
- F. W. Paish, *Studies in an inflationary economy* (Macmillan, London, 1962)
- Political and Economic Planning, 'The promotion of economic growth', *Planning* 27, 450 (March 1961)
- Idem*, 'Economic planning in France', *Planning* 27, 454 (August 1961)
- E. Powell, *A new look at medicine and politics* (Pitman Medical, London, 1966)
- B. Robb, *Sans everything: a case to answer* (AEGIS, Nelson, London, 1967)
- E.A.G. Robinson, *Economic planning in the United Kingdom* (CUP, Cambridge, 1967)
- J. Robinson, *Collected economic papers*, vol. III (Blackwell, Oxford, 1965)
- E. Roll, *Crowded hours* (Faber & Faber, London, 1985)
- Royal Economic Society/ SSRC, *Surveys of applied economics*, vol. II (Macmillan, London, 1977)
- A. Sampson, *The anatomy of Britain* (Hodder & Stoughton, London, 1962)
- P. Self (2<sup>nd</sup> edn.), *Cities in flood* (Faber and Faber, London, 1961)
- M. Shanks, *The stagnant society* (Penguin, Harmondsworth, 1961)
- T.W. Schultz, *The economic value of education* (Columbia UP, New York, 1963)
- A. Shonfield, *British economic policy since the war* (Penguin, Harmondsworth, 1958)
- Idem*, *Modern capitalism: the changing balance of public and private power* (Oxford UP, Oxford, 1965)
- F. Targetti & A.P. Thirlwall (eds.), *The essential Kaldor* (Duckworth, London, 1989)
- E.P. Thompson, 'The segregation of dissent', in *idem* (ed.), *Writing by candlelight* (Merlin, London, 1980), pp. 1-10
- R. Titmuss, *Commitment to welfare* (Allen & Unwin, London, 1968)
- Town and Country Planning Association, *The intelligent voter's guide to town and country planning* (TPCA, London, 1964)
- Trades Union Congress, 'Economic development and planning', *Report of the 95<sup>th</sup> Annual Trades Union Congress at Brighton* (TUC, London, 1963), pp. 180-96
- Idem*, *Action on Donovan* (TUC, London, 1968)
- Idem*, *Economic review* (TUC, London, 1968 and 1969)
- J. Vaizey, *The costs of education* (Allen & Unwin, London, 1958)
- Idem*, *Britain in the 'sixties: education for tomorrow* (Penguin, Harmondsworth, 1962)
- P.E. Vernon, *Secondary school selection: a British psychological society inquiry* (Methuen, London, 1957)
- M. Williams, *Inside Number Ten* (Weidenfeld & Nicolson, London, 1972)

- H. Wilson, 'Post-war economic policies in Britain', *Fabian tract* 309 (Fabian Society, London, 1957)
- Idem*, 'A four-year plan for Britain', *New Stateman*, 24 March 1961
- Idem*, *Purpose in politics* (Weidenfeld & Nicolson, London, 1964)
- Idem*, *The Labour government 1964-1970: a personal view* (Weidenfeld & Nicolson, London, 1971)
- T. Wilson, *Planning and growth* (Macmillan, London, 1964)
- M. Woolf, *The housing survey in England and Wales 1964* (HMSO, London, 1967)
- B. Yamey, 'The main economic issues', in *idem* (Ed.), *Resale Price Maintenance* (IEA, London, 1966), pp. 3-22
- A. Yates & D. Pidgeon, *Admission to grammar schools* (NFER, London, 1957)
- M. Young, *The rise of the meritocracy 1870-2033: an essay on education and equality* (Thames & Hudson, London, 1958)
- Idem* & P. Wilmott, *Family and kinship in East London* (rev. edn., Penguin, Harmondsworth, 1962)

### **Academic dissertations and unpublished papers.**

- A. Blick, 'Technical Revolutionaries, 1964-67', chapter of unpublished PhD thesis, 'The role of special advisors in the first Wilson Government, 1964-70', University of London (forthcoming)
- S. Brittan, 'A backward glance: the reappraisal of the 1960s', ICBH conference paper, April 1997
- T. Cutler, 'Dangerous benchmark? Early NHS cost estimates and the "problem" of NHS expenditure to 1960', ICBH 20<sup>th</sup> Century British History seminar paper, 15 March 2000
- M.K. Deavin, 'Harold Macmillan and the origins of the 1961 British EEC application', London School of Economics Ph.D. thesis (1996)
- M. Donnelly, 'Labour Politics and the affluent society, 1951-1964', University of Surrey Ph.D. thesis (1994)
- A.E. Holmans, 'House prices: changes through time at national and sub-national level', *Government economic service working paper* 110 (January 1990)
- M.C. Jarvis, 'The Conservative party and the adaptation to modernity, c.1957-c.1964', London University Ph.D. thesis (1998)
- H. Jones, 'Housing 1951-58', Unpublished chapter of forthcoming monograph
- G. O'Hara, 'The political economy of British economic growth and planning 1959-66', Oxford University M.Sc. thesis (1997)
- H. Parr, 'Balancing Act, October 1964 to January 1966', chapter of unpublished PhD thesis, 'The Wilson government, Whitehall and policy towards the European Community 1964-1967', University of London (forthcoming)
- T. Scammell, 'Can consumers be protected? An interpretation of consumerism in Britain 1945-1980', Oxford University M.Phil. thesis (1998)
- K. Thorpe, 'The missing pillar: economic planning and the machinery of government during the Labour administration of 1945-51', London University Ph.D. thesis (1999)
- Catherine A. Torrie, 'Ideas, policy and ideology: the British Labour party in opposition 1951-9', Oxford University D.Phil. thesis (1997)

### Secondary sources.

- P. Addison (2<sup>nd</sup> edn.), *The road to 1945: British politics and the Second World War* (Pimlico, London, 1994)
- A. Adonis & S. Pollard, *A class act: the myth of Britain's classless society* (Hamish Hamilton, London, 1997)
- R. Alford, *Health care politics: ideological and interest group barriers to reform* (Chicago UP, Chicago, 1975)
- J. Allsop, 'Health: from seamless service to patchwork quilt', in D. Gladstone (ed.), *British social welfare: past, present and future* (UCL Press, London, 1995), pp. 95-121
- G. A. Almond & S. Vebra, *The civic culture: political attitudes and democracy in five nations* (Princeton UP, New Jersey, 1963)
- D.H. Aldcroft, *Education, training and economic performance 1944 to 1990* (MUP, Manchester, 1992)
- M. Aldridge, *The British new towns: a programme without a policy* (Routledge, London, 1979)
- B.W.E. Alford, *Britain in the world economy since 1880* (Longman, London, 1996)
- J.E. Alt, *The politics of economic decline: economic management and political behaviour in Britain since 1964* (Cambridge UP, Cambridge, 1979)
- D. Allen, *Hospital Planning. The development of the 1962 hospital plan: a case study in decision making* (Pitman Medical, London, 1979)
- H.W. Arndt, *The rise and fall of economic growth* (Longman Cheshire, Melbourne, 1978)
- K. Arrow, *The limits of organisation* (Norton, New York, 1974)
- Idem*, 'On the agenda of organisations', in R. Marris (ed.), *The corporate society* (Macmillan, London, 1974), pp. 214-34
- D.E. Ashford, *Policy and politics in Britain: the limits of consensus* (Basil Blackwell, Oxford, 1981)
- W. Ashworth, *The genesis of modern British town planning: a study in economic and social history of the nineteenth and twentieth centuries* (Routledge, London, 1954)
- R.W. Bacon & W.A. Eltis, *Britain's economic problem: too few producers* (Macmillan, London, 1978)
- R.E. Backhouse, *A history of modern economic analysis* (Basil Blackwell, Oxford, 1985)
- R. Bailey, *Managing the British economy: a guide to economic planning in Britain since 1962* (Hutchinson, London, 1968)

- P. Baldwin, *The politics of social solidarity: class bases of the European welfare state 1875-1975* (Cambridge, 1990)
- T. Bale, 'Dynamics of a non-decision: the "failure" to devalue the Pound, 1964-67', *Twentieth century British history* 10, 2 (1999), pp. 192-217
- S.J. Ball, *Politics and policy-making in education: explorations in policy sociology* (Routledge, London, 1990)
- K.G. Banting, *Poverty, politics and policy: Britain in the 1960s* (Macmillan, London, 1979)
- K. Barnard, 'Promises, patients and politics: the conflicts of the NHS', in K. Barnard & K. Lee (eds.), *Conflicts in the National Health Service* (Croom Helm, London, 1977), pp. 13-25
- J. Barnes & A. Seldon, '1951-1964: thirteen wasted years?', *Contemporary record* 1, 2 (1987), pp. 19-21
- J. Barnett, *Inside the Treasury* (Deutsch, London, 1982)
- R. Batley, O. O'Brien, & H. Parris, *Going comprehensive: educational policy-making in two County Boroughs* (Routledge & Kegan Paul, London, 1970)
- W. Beckerman (ed.), *The Labour government's economic record, 1964-1970* (Duckworth, London, 1972)
- C. Benn & B. Simon, *Halfway there: report on the British comprehensive school system* (McGraw-Hill, London, 1970)
- T. Benn, 'Fifty years of consensus rule', in *idem* (ed.), *Fighting back: speaking out for socialism in the eighties* (Hutchinson, London, 1988), pp. 2-8
- G. Benveniste, *The politics of expertise* (Croom Helm, London, 1973)
- S. Beer (2<sup>nd</sup> edn.), *Modern British politics: parties and pressure groups in the collectivist age* (Faber & Faber, London, 1982)
- Idem*, *Britain against itself: the political contradictions of collectivism* (Faber & Faber, London, 1982)
- D. Bell, *The end of ideology: on the exhaustion of political ideas in the 'fifties* (Free Press, Glencoe, Ill., 1960)
- F. Berry, *Housing: the great British failure* (Charles Knight, London, 1974)
- R. Bilski, 'Ideology and the comprehensive school', *Political quarterly* 44, 2 (1973), pp. 197-211
- A.H. Birch, *The concepts and theories of modern democracy* (Routledge, London, 1993)
- P. Birnbaum, 'Consensus and depoliticisation in contemporary political theory', in *idem*, J. Lively & G. Parry (eds.), *Democracy, consensus and social contract* (SAGE, London, 1978), pp. 173-184

- Sir D. Black *et al*, *Inequalities in health care: the Black Report* (Penguin, Harmondsworth, 1988 edn.)
- F. T. Blackaby *et al*, *British economic policy 1960-1974: demand management* (Cambridge UP, Cambridge, 1978)
- S. Blank, *Industry and government in Britain: the Federation of British Industries in politics, 1945-1965* (Saxon House, Farnborough, 1973)
- M. Blaug, *The Cambridge revolution: success or failure?* (IEA, London, 1975)
- Idem*, *The methodology of economics* (Cambridge UP, Cambridge, 1980)
- Idem*, *Great economists since Keynes* (Wheatsheaf, Sussex, 1985)
- A. Boltho, 'British fiscal policy 1951-71: stabilising or destabilising?', *Oxford bulletin of economics and statistics* 43, 4 (1981), pp. 357-62
- C. Booker, *The neophiliacs: a study of the revolution in English life in the 'fifties and 'sixties* (Collins, London, 1969)
- A. Booth, 'How long are light years in British politics? The Labour Party's economic ideas in the 1930s', *TCBH* 7, 1 (1996), pp. 1-26
- Idem*, 'Inflation, expectations and the political economy of Conservative Britain 1951-64', *Historical journal* 43, 3 (2000), pp. 827-47
- H. Brandon, *In the red: the struggle for Sterling 1964-66* (Deutsch, London, 1966)
- P. Brigden & R. Lowe, *Welfare policy under the Conservatives 1951-1964* (PRO Publications, London, 1998)
- P. Brigden, 'The state, redundancy pay and economic policy-making in the early 1960s', *TCBH* 11, 3 (2000), pp. 233-58
- T. Brindley, Y. Rydin & G. Stoker, *Remaking planning: the politics of urban change* (2<sup>nd</sup> edn., Routledge, London, 1996)
- B. Brivati, *Lord Goodman* (Richard Cohen Books, London, 1999)
- F. Broadway, *State intervention in British industry 1964-1968* (Kaye & Ward, London, 1969)
- M. Broady, *Planning for people: essays on the social context of planning* (Bedford Square, London)
- P. Browning, *The Treasury and economic policy 1964-85* (Longman, London, 1986)
- T.W. Buck, 'Shift and share analysis – a guide to regional policy', *Regional studies* 4 (1970), pp. 445-50
- I. Budge, 'Relative decline as a political issue: ideological motives of the politico-economic decline of post-war Britain', *Contemporary record* 7 (1993), pp. 1-23
- K. Burk & A. Cairncross, *'Goodbye Great Britain': the 1976 IMF crisis* (Yale UP, New Haven, 1991)



- J. Burnett, *A social history of housing 1815-1985* (David & Charles, Newton Abbot, 1978)
- E. Burney, *Housing on trial: a study of immigrants and local government* (OUP, Oxford, 1967)
- D. Butler & R. Rose, *The British general election of 1959* (Macmillan, London, 1960)
- Idem* & A. King, *The British general election of 1964* (Macmillan, London, 1965)
- Idem* & D. Stokes (2<sup>nd</sup> edn.), *Political change in Britain: the evolution of electoral choice* (Macmillan, London, 1974)
- Idem* & G. Butler, *British political facts 1900-1994* (Routledge, London, 1994)
- Idem*, *British general elections since 1945* (Blackwell, Oxford, 1995)
- A. Cairncross (ed.), *The managed economy* (Blackwell, Oxford, 1970)
- Idem*, *Essays in economic management* (Allen & Unwin, London, 1971)
- Idem* & B. Eichengreen, *Sterling in decline: the devaluations of 1931, 1949 and 1967* (Blackwell, Oxford, 1983)
- Idem*, *Years of recovery: British economic policy 1945-51* (Methuen, London, 1985)
- Idem* & N. Watts, *The economic section 1939-61: a study in economic advising* (Routledge, London, 1989)
- Idem*, 'Economic policy and performance, 1945-1964', and 'Economic policy and performance, 1964-1990', in R. Floud & D. McCloskey (eds., 2<sup>nd</sup> Edn.), *The economic history of Britain since 1700, vol. III: 1939 to 1992* (Cambridge UP, Cambridge, 1994), pp. 32-66, 67-94
- Idem*, *Managing the British economy in the 1960s* (Macmillan, Basingstoke, 1996)
- A. Calder, *The people's war 1939-45* (Cape, London, 1969)
- J. Campbell, *Edward Heath: a biography* (Cape, London, 1993)
- D. Cannadine, 'The present and the past in the British industrial revolution, 1880-1980', *Past and present* 103, 2 (1984), pp. 131-72
- J. Carswell, *Government and the universities in Britain: programme and performance 1960-1980* (CUP, Cambridge, 1985)
- L.M. Cantor & I.F. Roberts, *Further education in England and Wales* (2<sup>nd</sup> edn., Routledge & Kegan Paul, London, 1972)
- M. Castells, *The urban question: a Marxist approach* (Eng. trans., Edward Arnold, London, 1977)
- R.E. Caves *et al*, *Britain's economic prospects* (Brookings Institute, Washington DC, 1968)
- A. Cawson, 'Pluralism, corporatism and the role of the state', *Government and opposition* 13, 2 (1978), pp. 178-98

- Centre for Contemporary Cultural Studies, *Unpopular education: schooling and social democracy in England since 1944* (Hutchinson, London, 1981)
- J. Charmley, *A history of Conservative politics 1900-1996* (Macmillan, Basingstoke, 1996)
- G. E. Cherry, *The politics of town planning* (Longman, Harlow, 1982)
- Idem*, *Cities and plans: the shaping of urban Britain in the nineteenth and twentieth centuries* (Edward Arnold, London, 1988)
- Idem* & U. Wannop, 'The development of regional planning in the United Kingdom', *Planning perspectives* 9, 1 (1994), pp. 29-60
- Idem*, *Town planning in Britain since 1900* (Blackwell, Oxford, 1996)
- M. Chick, *Industrial policy in Britain 1945-51* (Cambridge UP, Cambridge, 1998)
- M. Chisolm, 'On the making of a myth: how capital intensive is industry investing in the development areas?', *Urban studies* 7 (1970), pp. 289-93
- A. Clark, *The Tories: Conservatives and the nation state, 1922-1997* (Weidenfeld & Nicolson, London, 1998)
- P. Clarke, 'The Keynesian consensus and its enemies' in D. Marquand & A. Seldon, *The ideas that shaped post-war Britain* (Fontana, London, 1996), pp. 67-87
- Idem*, 'Keynes, New Jerusalem, and British decline', in *idem* & C. Trebilcock (eds.), *Understanding decline: perceptions and realities of British economic performance* (Cambridge UP, Cambridge, 1997), pp. 145-65
- M. Clawson & P. Hall, *Planning and urban growth: an Anglo-American comparison* (John Hopkins UP, Baltimore, 1973)
- H.A. Clegg, *Industrial relations in Great Britain* (2<sup>nd</sup> edn., Basil Blackwell, Oxford, 1972)
- C. Clifford, 'The rise and fall of the Department of Economic Affairs, 1964-69: British Government and indicative planning', *Contemporary British history* 11, 2 (1997), pp. 94-116
- Idem* & A. McMillan, 'Witness seminar: The Department of Economic Affairs', *Contemporary British history* 11, 2 (1997), pp. 117-42
- D. Coates, *The Labour Party and the struggle for socialism* (Cambridge UP, Cambridge, 1975)
- Idem*, *The question of UK decline* (Harvester, London, 1994)
- R.D. Coates, *Teachers' unions and interest group politics* (CUP, Cambridge, 1972)
- R. Cockett, 'The party, publicity, and the media', in Stuart Ball & Anthony Seldon (eds.), *Conservative century: the Conservative Party since 1900* (Oxford UP, Oxford, 1994), pp. 557-577
- Idem*, *Thinking the unthinkable: think tanks and the economic counter-revolution 1931-83* (HarperCollins, London, 1994)

- P. Colvin, *The economic ideal in British government: calculating costs and benefits in the 1970s* (Manchester UP, Manchester, 1985)
- C. Cook & David McKie (eds.), *The decade of disillusion: British politics in the 'sixties* (Macmillan, London, 1972)
- J. Cooper, *The creation of the British personal social services 1962-74* (Heinemann, London, 1983)
- A. Coleman, *Utopia on trial: vision and reality in planned housing* (Hilary Shipman, London, 1985)
- E.W. Cooney, 'High flats in local authority housing in England and Wales since 1945', in A. Sutcliffe (ed.), *Multi-storey living: the British working class experience* (Croom Helm, London, 1974), pp. 151-80
- R.J. Cootes, *The making of the welfare state* (Longman, London, 1984)
- R. Coppey, 'Labour's industrial strategy', in *idem*, S. Fielding & N. Tiratsoo, *The Wilson governments, 1964-1970* (Pinter, London, 1993), pp. 102-22
- A. Cox & D. MacKay, *The politics of urban change* (Croom Helm, London, 1979)
- Idem*, *Adversary politics and land: the conflict over land and property policy in post-war Britain* (Cambridge UP, Cambridge, 1984)
- N. F. R Crafts, 'Economic growth', in *idem* & N. W. C. Woodward (eds.), *The British economy since 1945* (Blackwell, Oxford, 1991), pp. 261-90
- idem*, 'The golden age of economic growth in Western Europe, 1950-73', *Economic history review* 48, 3 (1995), pp. 429-447
- Lord Croham, 'Were the instruments of control for domestic economic policy adequate?' in A. Cairncross & F. Cairncross (eds.), *The legacy of the golden age: the 1960s and their economic consequences* (Routledge, London, 1992), pp. 82-109
- J.E. Cronin, *The politics of state expansion: war, state and society in twentieth century Britain* (Routledge, London, 1991)
- S. Crosland, *Tony Crosland* (Cape, London, 1982)
- D. Crook, 'Universities, teacher training, and the legacy of McNair 1944-94', *History of education* 24, 3 (1995), pp. 231-45
- R. Cross, *Economic theory and policy in the United Kingdom* (Robertson, Oxford, 1982)
- J.B. Cullingworth & V. Nadin, *Town and country planning in the United Kingdom* (12<sup>th</sup> edn., Routledge, London, 1997)
- R.A. Dahl, *Who governs? Democracy and power in an American city* (Yale UP, New Haven, 1961)
- R. Dahrendorf, *On Britain* (BBC, London, 1982)

- A. Daly, 'The contribution of education to economic growth in Britain: a note on the evidence', *National Institute economic review* 101 (1982), pp. 48-56
- P.W. Daniels, 'Office decentralisation from London – policy and practice', *Regional studies* 3 (1969), pp. 171-8
- D.F. Darwent, 'Growth poles and growth centres in regional planning: a review', *Environment and planning* 1 (1969), pp. 5-32
- M.E. David, 'Parental wishes versus parental choice', *History of education* 24, 3 (1995), pp. 267-76
- J. Davies, *To build a New Jerusalem: the Labour movement from the 1880s to the 1990s* (Michael Joseph, London, 1992)
- J.G. Davies, *The evangelistic bureaucrat: a study of a planning exercise in Newcastle upon Tyne* (Tavistock, London, 1972)
- A. Day, 'The case for betterment charges', in P. Hall (ed.), *Land values* (Sweet & Maxwell, London, 1965), pp. 97-106
- M. Daunton, *A property-owning democracy? Housing in Britain* (Faber & Faber, London, 1987)
- Idem*, "'A kind of tax prison: rethinking Conservative taxation policy, 1960-1970', in M. Francis & I. Zweiniger-Bargielowska (eds.), *The Conservatives and British society 1880-1990* (Wales UP, Cardiff, 1996), pp. 289-315
- A.J.H. Dean, 'Earnings in the public and private sectors, 1950-75', *National Institute economic review* 82 (November 1977)
- D. Dean, 'Conservative Governments 1951-64, and their changing perspectives on the 1944 Education Act', *History of education* 24, 3(1995), pp. 247-66
- idem*, 'The rise and demise of the Curriculum Study Group 1962-1964', *Contemporary British history* 11, 1 (1997), pp. 31-58
- A. Denham & M. Garnett, *Keith Joseph* (Acumen, London, 2001)
- E. Dell, *The Chancellors: a history of the Chancellors of the Exchequer 1945-1990* (HarperCollins, London, 1996)
- N. Dennis, *People and planning: the sociology of housing in Sunderland* (Faber & Faber, London, 1970)
- Idem*, *Public participation and planner's blight* (Faber & Faber, London, 1972)
- W.F. Dennison, *Educational finance and resources* (Croom Helm, London, 1984)
- H.C. Dent, *The training of teachers in England and Wales 1800-1975* (Hodder & Stoughton, London, 1977)
- K.W. Deutsch, *The nerves of government* (Free Press, Glencoe, Ill., 1963)

- M.G. de Vries, *The IMF in a changing world 1945-85* (IMF, Washington, 1986)
- A. d'Iribane, 'Developments in vocational training in France in the past twenty years', in G.D.N. Worswick (ed.), *Education and economic performance* (Gower, Aldershot, 1985), pp. 52-67
- M. Dockrill, *British defence since 1945* (Basil Blackwell, Oxford, 1988)
- D. Donnison & C. Ungerson, *Housing policy* (Penguin, Harmondsworth, 1982)
- A. Downs, *An economic theory of democracy* (Harper & Row, New York, 1957)
- P. Drucker, *Doctrine and ethos in the Labour Party* (Allen & Unwin, London, 1979)
- Elizabeth Durbin, *New Jerusalems: the Labour Party and the economics of democratic socialism* (Routledge, London, 1985)
- P. Dunleavy, *The politics of mass housing in Britain 1945-1975: a study of corporate power and personal influence in the welfare state* (Clarendon Press, Oxford, 1981)
- D. Dutton, *British politics since 1945: the rise and fall of consensus* (Blackwell, Oxford, 1991)
- D. Easton, *A systems analysis of political life* (Chicago UP, Chicago, 1965)
- H. Eckstein, *Pressure group politics: the case of the British Medical Association* (Allen & Unwin, London, 1960)
- D. Edgerton, 'The prophet military and industrial: the peculiarities of Correlli Barnett', *TCBH* 2, 3 (1991), pp. 360-79
- Idem*, 'The "white heat" revisited: the British government and technology in the 1960s', *TCBH* 7, 1 (1996), pp. 53-82
- N. Ellison, 'Consensus here, consensus there... but not consensus everywhere: the Labour Party, equality and social policy in the 1950s', in H. Jones & M. Kandiah (eds.), *The myth of consensus: new views on British history, 1945-64* (Macmillan, Basingstoke, 1996), pp. 17-39
- M.J. Elson, *Green belts: conflict mediation in the urban fringe* (Heinemann, London, 1986)
- J. English, R. Madigan & P. Norman, *Slum clearance: the social and administrative context in England and Wales* (Croom Helm, London, 1976)
- L. Esher, *A broken wave: the rebuilding of England 1940-1980* (Allen Lane, London, 1981)
- C. Feinstein, 'British economic growth since 1948', in Floud & McCloskey, *Economic history of Britain*, pp. 101-22
- I.G.K. Fenwick, *The comprehensive school 1944-1970: the politics of secondary school reorganisation* (Methuen, London, 1976)
- N. Ferguson & G. O'Hara, 'The myth of the feelgood factor', in N. Ferguson, *The cash nexus: money and power in the modern world 1700-2000* (Allen Lane, London, 2001)

- J. Fielding, 'Coping with decline: US policy toward the British defence reviews of 1966', *Diplomatic history* 23, 4 (1999), pp. 633-56
- D. Finegold & D. Soskice, 'The failure of training in Britain: analysis and prescription', *Oxford review of economic policy* 4, 3 (1988), pp. 21-53
- S.E. Finer, 'Adversary politics and electoral reform', in *idem* (ed.), *Adversary politics and electoral reform* (Anthony Wigram, London, 1975), pp. 3-33
- B. Finnimore, *Houses from the factory: system building and the welfare state 1942-74* (Rivers Oram Press, London, 1989)
- W.A. Fishbein, *Wage restraint by consensus: Britain's search for an incomes policy agreement 1965-79* (Routledge, Boston, Mass., 1987)
- D.L. Foley, 'British town planning: one ideology or three?', *British journal of sociology* 2, 3 (1960), pp. 211-231
- M. Foot, *Aneurin Bevan: a biography* (Paladin edn., St Albans, 1975)
- G. Foote (3<sup>rd</sup> edn.), *The Labour Party's political thought: a history* (Macmillan, London, 1997)
- G. Forsyth, *Doctors and state medicine: a study of the British Health Service* (2<sup>nd</sup> edn., Pitman Medical, London, 1973)
- S. Fothergill & G. Gudgin, *Unequal growth: urban and regional employment change in the UK* (Heinemann, London, 1982)
- D.M. Fox, *Health policies and health politics: the British and American experience 1911-1965* (Princeton UP, New Jersey, 1986)
- Idem*, 'The National Health Service and the Second World War: the elaboration of consensus', in H.L. Smith (ed.), *War and social change: British society in the Second World War* (Manchester UP, Manchester), pp. 32-57
- D.K. Fry, *The administrative 'revolution' in Whitehall* (Croom Helm, London, 1981)
- S. Gomulka, 'Britain's slow industrial growth: increasing inefficiency versus a low rate of technical change' in Beckerman (ed.), *Slow growth in Britain: causes and consequences* (Clarendon Press, Oxford, 1979), pp. 166-93
- A.M. Gamble & S. A. Walkland, *The British party system and economic policy, 1945-1983: studies in adversary politics* (Clarendon Press, Oxford, 1984)
- Idem*, 'Ideas and interests in British economic policy', *Contemporary British history* 10, 1 (1996), pp. 1-21
- H.J. Gans, *People and plans: essays on urban problems and solutions* (Basic Books, New York, 1968)

- N. Ginsburg, 'Housing', in R.M. Page & R. Silburn (eds.), *British social welfare in the twentieth century* (Macmillan, London, 1999), pp. 223-46
- F. Gladstone, *The politics of planning* (Temple Smith, London, 1976)
- D. Gladstone, *The twentieth century welfare state* (Macmillan, London, 1999)
- J. Glasson, *An introduction to regional planning: concepts, theory and practice* (2<sup>nd</sup> edn., Hutchinson, London, 1978)
- M. Glendinning & S. Muthesius, *Tower block: modern public housing in England, Scotland, Wales and Northern Ireland* (Yale UP, New Haven, 1994)
- H. Glennerster, *British social policy since 1945* (Blackwell, Oxford, 1995)
- W.B. Glyn, 'Jeremiahs and pragmatists: perceptions of British decline', in *idem* & R. Rose (eds.), *Britain: progress and decline* (Macmillan, London, 1980), pp. 1-25
- S. Glynn & A. Booth, *Modern Britain: an economic and society history* (Routledge, London, 1996)
- E. Matilda Goldberg, *Social work since Seebohm: all things to all men?* (National Institute for Social Work, 1978)
- M. Goldsmith, *Politics, planning and the city* (Hutchinson, London, 1980)
- H.F. Gospel, *Markets, firms, and the management of labour in modern Britain* (Cambridge UP, Cambridge, 1992)
- C. A. E. Goodhart & R. J. Bhansali, 'Political economy', *Political studies* 18, 1 (1970), pp. 43-106
- R. Goodman, *After the planners* (Penguin, Harmondsworth, 1972)
- P. Gordon, R. Aldrich & D. Dean, *Education and policy in England in the twentieth century* (Woburn Press, London, 1992)
- P.H.J.H. Gosden, *The education system since 1944* (Martin Robertson, Oxford, 1983)
- W. Grant, *Pressure groups, politics and democracy in Britain* (Philip Allan, London, 1989)
- W. Grant & D. Marsh, 'Tripartism: reality or myth?', *Government and opposition* 12, 2 (1977), pp. 194-211
- A. Gray & W.I. Jenkins, *Administrative politics in British government* (Wheatsheaf, Sussex, 1985)
- J. Green, *All dressed up: the sixties and the counterculture* (Pimlico, London, 1999)
- D. Greenwood, 'Defence and national priorities since 1945', in J. Baylis (ed.), *British defence policy in a changing world* (Croom Helm, London, 1977), pp. 174-207
- J. Hackett & A-M. Hackett, *Economic planning in France* (Allen & Unwin, London, 1963)
- D. Hague & G. Wilkinson, *The IRC: an experiment in industrial intervention* (Allen & Unwin, London, 1983)

- M. Halcrow, *Keith Joseph: a single mind* (Macmillan, London, 1989)
- Phoebe Hall, 'The development of health centres', in *idem*, H. Land, R. Parker & A. Webb (eds.), *Change, choice and conflict in social policy* (Heinemann, London, 1975), pp. 277-311
- Idem*, *Reforming the welfare: the politics of change in the personal social services* (Heinemann, London, 1976)
- P. Hall, *The containment of urban England, vol. I. Urban and metropolitan growth processes* (Allen & Unwin, London, 1973)
- Idem*, *The containment of urban England, vol. II. The planning system: objectives, operations, impacts* (Allen & Unwin, London, 1973)
- Idem*, *Great planning disasters* (Penguin, Harmondsworth, 1981)
- Idem*, *Urban and regional planning* (2nd edn., Penguin, Harmondsworth, 1982)
- P.A. Hall, *Governing the economy: the politics of state intervention in Britain and France* (Polity, Cambridge, 1986)
- Idem*, 'Policy paradigms, social learning and the state: the case of economic policy-making in Britain', *Comparative politics* 25, 3 (1993), pp. 275-96
- G. Hallett, P. Randall & E.G. West, *Regional policy for ever? Essays on the history, theory and political economy of 'regionalism'* (IEA, London, 1973)
- C.J. Ham, 'Power, patients, and pluralism', in K. Barnard & K. Lee (eds.), *Conflicts in the NHS* (Croom Helm, London, 1977)
- Idem*, *Health policy in Britain* (Macmillan, London, 1982)
- R. Hambleton, *Policy planning and local government* (Hutchinson, London, 1978)
- B. Harrison, *The transformation of British politics 1860-1995* (Oxford UP, Oxford 1996)
- J. Harris, 'Enterprise and welfare states: a comparative perspective', *Transactions of the Royal Historical Society* Vth series, 40 (1990), pp. 175-95
- Idem*, 'Economic knowledge and British social policy', in M.O. Furner & B. Supple (eds.), *The state and economic knowledge: the American and British experiences* (CUP, Cambridge, 1990), pp. 379-400
- N. Harris, *Competition and the corporate society: British Conservatives, the state and industry, 1945-1964* (Methuen, London, 1972)
- R. Harris, 'Retreat from policy: the rationale and effectiveness of automatic capital grants' in *idem* & M. Hart (eds.), *Spatial policy in a divided nation* (Regional Studies Association, London, 1993), pp. 64-84
- D. Harvey, *Social justice and the city* (Edward Arnold, London, 1973)
- S. Haesler, *The Gaitskellites* (Macmillan, London, 1969)
- P. Healey, *Local plans in British land use planning* (Pergamon Press, Oxford, 1983)



- D. Heald, *Public expenditure: its defence and reform* (Robertson, Oxford, 1983)
- H. Heclo, *Modern social politics in Britain and Sweden: from relief to income maintenance* (Yale UP, New Haven, 1974)
- H. Heclo & A. Wildavsky, *The private government of public money* (Macmillan, London, 1974)
- S. Heffer, *Like the Roman: the life of Enoch Powell* (Weidenfeld & Nicolson, London, 1998)
- A.J. Heidenheimer, 'Education and social security entitlements in Europe and America', in P. Flora & *idem* (ed.), *The development of welfare states in Europe and America* (Transaction Books, London, 1981), pp. 269-304
- D. Held, 'Power and legitimacy in contemporary Britain', in *idem*, G. MacLennan & S. Hall (eds.), *State and society in contemporary Britain* (Polity Press, Cambridge, 1984), pp. 299-369
- J. Hendry, *Innovating for failure: government policy and the early British computer industry* (MIT Press, Cambridge, Mass., 1989)
- P. Hennessy, *Whitehall* (Secker & Warburg, London, 1989)
- Idem*, *Never again: Britain, 1945-1951* (Cape, London, 1992)
- Idem*, *Muddling through: power, politics and the quality of government in post-war Britain* (Victor Gollancz, London, 1996)
- Idem*, *The Prime Minister* (Allen Lane, London, 2000)
- M. Henrekson, 'The Peacock-Wiseman hypothesis', in N. Gemmell (ed.), *The growth of the public sector: theories and international evidence* (Elgar, Aldershot, 1993), pp. 53-71
- J. Higgins, *The poverty business: Britain and America* (Basil Blackwell, Oxford, 1986)
- M. Hill, *The welfare state in Britain: a political history since 1945* (Edward Elgar, Aldershot, 1993)
- E.J. Hobsbawm, *Age of extremes: the short twentieth century 1914-1991* (Michael Joseph, London, 1994)
- B.W. Hogwood, *From crisis to complacency? Shaping public policy in Britain* (Oxford UP, Oxford, 1987)
- Idem*, *Trends in British public policy* (Open University Press, Buckingham, 1992)
- P. Hollis, *Jennie Lee* (OUP, Oxford, 1997)
- A.E. Holmans, *Housing policy in Britain: a history* (Croom Helm, London, 1987)
- Idem*, *Demand management in Britain 1953-58* (ICBH, London, 1999)
- F. Honigsbaum, *The division of British medicine* (Kogan Page, London, 1979)
- A. Horne, *Macmillan 1957-86: volume II of the official biography* (Macmillan, London, 1989)

- A. Howard, *Crossman: the pursuit of power* (Jonathan Cape, London, 1990)
- D. Howell, *British social democracy: a study in development and decay* (Croom Helm, London, 1976)
- Idem*, 'Wilson and history: 1966 and all that', *TCBH* 4, 2 (1993), pp. 174-87
- K. Jeffrys, *The Labour Party since 1945* (Macmillan, Basingstoke, 1993)
- Idem*, *Retreat from New Jerusalem: British politics 1951-1964* (Macmillan, Basingstoke, 1997)
- Idem*, *Anthony Crosland* (Richard Cohen, London, 1999)
- A. Jennings, 'Out of the secret garden', in M. Plaskow (ed.), *The life and death of the Schools Council* (Falmer Press, Lewes, 1985), pp. 15-21
- H. Jones, 'The cold war and the Santa Claus syndrome: dilemmas in Conservative social policy-making, 1945-1957', in Francis & Zweiniger-Bargielowska, *Conservatives*, pp. 240-54
- Helen Jones, *Health and society in twentieth-century Britain* (Longmans, London, 1994)
- Idem*, 'Health', in Page & Silburn, *British social welfare*, pp. 159-78
- K. Jones, *Eileen Youngusband, a biography* (Bedford Square Press, London, 1984)
- A.G. Jordan, 'Iron triangles, woolly corporatism and elastic nets: images of the policy process', *Journal of public policy* 1, 1 (1981), pp. 95-123
- H. Judge, *A generation of schooling: English secondary schools since 1944* (Oxford UP, Oxford, 1984)
- M. Kandiah, 'Conservative leaders, strategy – and “consensus”?', in Jones & Kandiah, *Myth*, pp. 58-78
- D. Kavanagh, 'Political culture in Great Britain: the decline of the civic culture', in Almond & Vebra (eds.), *The civic culture revisited* (Sage, London, 1980), pp. 124-176
- Idem* & P. Morris, *Consensus politics from Attlee to Thatcher* (Blackwell, Oxford, 1989)
- Idem*, 'The post-war consensus debate', *TCBH* 3, 2 (1992), pp. 175-90
- E. Keep & K. Mayhew, 'The assessment: education, training and economic performance', *Oxford review of economic policy* 4, 3 (1988), pp. i-xv
- T. Kelly, *The British computer industry: crisis and development* (Croom Helm, London, 1987)
- J. Klausen, *War and welfare: Europe and the welfare state, 1945 to the present* (Macmillan, Basingstoke, 1998)
- R. Klein (2<sup>nd</sup> edn.), *The politics of the National Health Service* (Longman, London, 1989)
- C. Knight, *The making of Tory education policy in post-war Britain 1950-1986* (Falmer Press, London, 1990)

- J. Kohl, 'Trends and problems in post-war public expenditure development in Western Europe and North America', in Flora & Heidenheimer, *Development of welfare states*, pp. 307-44
- M. Kogan (ed.), *The politics of education: Edward Boyle and Anthony Crosland in conversation* (Penguin, Harmondsworth, 1971)
- Idem*, *Educational policy-making: a study of interest groups and Parliament* (Allen & Unwin, London, 1975)
- D. Kunz, "Somewhat mixed up together": Anglo-American defence and financial policy during the 1960s', *Journal of Imperial and Commonwealth history* 27, 2 (1999), pp. 213-32
- M.S. Levitt & M.A.S. Joyce, *The growth and efficiency of public spending* (Cambridge UP, Cambridge, 1987)
- R. Lamb, *The Macmillan years: the emerging truth* (John Murray, London, 1995)
- C. Landymore, 'Education and industry since the war', in D. Morris (ed.), *The economic system in the UK* (OUP, Oxford, 1985), pp. 690-717
- B. Lapping, *The Labour government 1964-1970* (Weidenfeld & Nicolson, London, 1970)
- J.R. Lausen, 'On growth poles', *Urban studies* 6 (1969), pp. 137-61
- C. M. Law, *British regional development since World War One* (David & Charles, London, 1980)
- D. Lawton, *The politics of the school curriculum* (Routledge & Kegan Paul, London, 1980)
- R. Layard, J. King & C. Moser, *The impact of Robbins: expansion in higher education* (Penguin, Harmondsworth, 1969)
- K. Lee, 'Public expenditure, planning and local democracy', in *idem* & Barnard, *Conflict*, pp. 210-231
- J. Leruez, *Economic planning and politics in Britain* (Martin Robertson, London, 1975)
- A. Lethard, *The fight for family planning: the development of family planning services in Britain 1921-1974* (Macmillan, London, 1980)
- B. Levin, *The pendulum years: Britain and the 'sixties* (Jonathan Cape, London, 1970)
- P. Levin & D. Donnison, 'People and planning', in Cullingworth (ed.), *Problems of an urban society vol. III: planning for change* (Allen & Unwin, 1973), pp. 87-93
- J. Lewis, *The voluntary sector, the state and social work in Britain* (Edward Elgar, Cheltenham, 1995)
- R.M. Lindley, 'Education, training, and the labour market in Britain', *European journal of education* 16, 1 (1981), pp. 7-28
- Idem*, 'Active manpower policy', in G.S. Bain (ed.), *Industrial relations in Britain* (Basil Blackwell, Oxford, 1983), pp. 339-60

- A. Lindsey, *Socialized medicine in England and Wales: the National Health Service 1948-1961* (OUP, Oxford, 1962)
- J. Lively, 'Pluralism and consensus', in *idem*, Birnbaum & Parry (eds.), *Democracy, consensus and social contract*, pp. 185-202
- M. Locke, *Power and politics in the school system: a guide book* (Routledge & Kegan Paul, London, 1974)
- A.F. Long, 'Planning, uncertainty and judgement: the case of population', in Barnard & Lee, *Conflict*, pp. 189-209
- R. Lowe, *Education in the post-war years: a social history* (Routledge & Kegan Paul, London, 1988)
- Idem*, *Schooling and social change 1964-1990* (Routledge & Kegan Paul, London, 1996)
- Rodney Lowe, *The welfare state in Britain since 1945* (Macmillan, London, 1993)
- Idem*, 'The replanning of the Welfare State 1957-1964', in Francis & Zweiniger-Bargielowska, *Conservatives*, pp. 255-273
- Idem*, 'The social policy of the Heath government', in S. Ball & A. Seldon (eds.), *The Heath government 1970-74* (Longman, London, 1996), pp. 191-214
- Idem*, 'Millstone or milestone? The 1959-61 Plowden committee and its impact on British welfare policy', *Historical Journal* 40, 2 (1997), pp. 463-493
- Idem*, 'Plumbing new depths: contemporary historians and the Public Record Office', *TCBH* 8, 2 (1997), pp. 239-265
- Idem* & N. Rollings, 'Modernising Britain 1957-64: a classic case of centralisation and fragmentation?', in R.A.W. Rhodes, *Transforming British government vol. II: changing institutions* (Macmillan/ ESRC, Basingstoke, 2000), pp. 99-118
- T.O. Lloyd (4<sup>th</sup> edn.), *Empire, welfare state, Europe: English history 1906-1992* (Oxford UP, Oxford, 1993)
- A. MacDonald, 'Public records and the modern historian', *TCBH* 1, 3 (1990), pp. 341-52
- S. Maclure, *Educational developments and school building: aspects of public policy 1945-1973* (Longman, London, 1984)
- Idem*, *A history of education in London 1870-1990* (Penguin Allen Lane, Harmondsworth, 1990)
- A. Maddison, 'Long run dynamics of productivity growth', in Beckerman, *Slow growth*, pp. 194-212
- Idem*, *Dynamic forces in capitalist development: a long-run comparative view* (Oxford UP, Oxford, 1991)

- P. Malpass, *Reshaping housing policy: subsidies, rents and residualisation* (Routledge, London, 1990)
- M. Mann, *Consciousness and action among the western working class* (Macmillan, London, 1973)
- R.A. Manzer, *Teachers and politics: the role of the National Union of Teachers in the making of national educational policy in England and Wales since 1944* (MUP, Manchester, 1970)
- M. Marmot, 'Social differentials in health within and between populations', *Daedalus* 4, 123 (1994), pp. 197-216
- C. Maier, *In search of stability: explorations in historical political economy* (Cambridge UP, Cambridge, 1987)
- C. Martin & D. Martin, 'The decline of Labour Party membership', *Political quarterly* 48 (1977), pp. 459-71
- R.M. Martin, *TUC: the growth of a pressure group 1868-1976* (Clarendon Press, Oxford, 1980)
- J.P. Martin, *Hospitals in trouble* (Basil Blackwell, Oxford, 1984)
- D. Marquand, *The unprincipled society: new demands and old politics* (Cape, London, 1988)
- O. Marriott, *The property boom* (Pan edn., London, 1969)
- A. Marwick, 'Middle opinion in the 'thirties: planning, progress, and political "agreement"', *English historical review* 79 (1964), pp. 285-298
- Idem*, (3<sup>rd</sup> edn.), *British society since 1945* (Penguin, Harmondsworth, 1996)
- Idem*, *The sixties: cultural revolution in Britain, France, Italy, and the United States c.1958-c.1974* (OUP, Oxford, 1998)
- G. McCrone, *Regional policy in Britain* (Allen & Unwin, London, 1969)
- R.T. McKenzie & A. Silver, *Angels in marble: working class Conservatives in urban England* (Heinemann, London, 1968)
- D.H Meadows *et al*, *Limits to growth* (Earth Island, London, 1972)
- G. Meeks, *Disappointing marriage: a study of the gains from merger* (CUP, Cambridge, 1977)
- P. Merlin, *New towns: regional planning and development* (Eng. trans., Methuen, London, 1971)
- K. Middlemas, *Industry, unions and government: twenty one years of NEDC* (Macmillan, London, 1983)
- Idem*, *Power, competition and the state, vol. I: Britain in search of balance 1945-61* (Macmillan, London, 1986)

- Idem, Power, competition and the state, vol. II: threats to the post-war settlement 1961-74* (Macmillan, London, 1990)
- R. Middleton, 'The size and scope of the public sector', in S.J.D. Green & R.C. Whiting (eds.), *The boundaries of the state in modern Britain* (CUP, Cambridge, 1996), pp. 89-145
- Idem, Government versus the market* (Edward Elgar, London, 1996)
- Idem, Charlatans or saviours? Economists and the British economy from Marshall to Meade* (Edward Elgar, Cheltenham, 1998)
- Idem, 'Struggling with the impossible: sterling, the balance of payments and British economic policy 1949-72', in W.L. Young & A. Arnon (eds.), The open economy macro-model: past, present and future* (Kluwer Press, Amsterdam, forthcoming)
- R. Miliband, *Parliamentary socialism* (Allen & Unwin, London, 1961)
- Idem, The state in capitalist society* (Weidenfeld & Nicolson, London, 1969)
- A.S. Milward & G. Brennan, *Britain's place in the world: a historical enquiry into import controls 1945-60* (Routledge, London, 1996)
- L. Minkin, *The Labour Party Conference* (Allen Lane, London, 1978)
- Idem, The contentious alliance: trade unions and the Labour Party* (Edinburgh UP, Edinburgh, 1991)
- R. Mitchison, *British population change since 1860* (Macmillan, London, 1977)
- A.D. Morgan & D. Martin, 'Tariff reductions and UK imports of manufactures: 1955-71', *National Institute economic review* 77 (1976), pp. 38-54
- K. O. Morgan, *Labour in power 1945-51* (Clarendon Press, Oxford, 1984)
- Idem, (ed., 2<sup>nd</sup> edn.), The Oxford popular history of Britain* (Oxford UP, Oxford, 1988)
- Idem, The people's peace: British history, 1945-1989* (Oxford UP, Oxford, 1990)
- Idem, Callaghan: a life* (Oxford UP, Oxford, 1997)
- A. Murie, P. Niner & C. Watson, *Housing policy and the housing system* (Allen & Unwin, London, 1976)
- O. Newman, *Defensible space: people and design in the violent city* (The Architectural Press, London, 1973)
- S. Newton & D. Porter, *Modernization frustrated: the politics of industrial decline in Britain since 1900* (Unwin Hyman, London, 1988)
- P. Norris, *Electoral change in Britain* (Blackwell, Oxford, 1997)
- C. Offe, *Disorganised capitalism* (Polity, Cambridge, 1985)
- M.J. Oliver, 'From anodyne Keynesianism to Delphic monetarism: economic policy-making in Britain 1960-79', *TCBH* 9, 1 (1998), pp. 139-50
- M. Olson, *The rise and decline of nations* (Yale UP, New Haven, 1982)

- R. Opie, 'Economic planning and growth', in Feinstein (ed.), *The Managed Economy* (Oxford UP, Oxford, 1983), pp. 147-68
- P. Oppenheimer, 'Muddling through: the economy, 1951-1964', in V. Bogdanor & R. Skidelsky (eds.), *The age of affluence* (Macmillan, London, 1970), pp. 117-67
- G. Owen, *From Empire to Europe: the decline and revival of British industry since the Second World War* (HarperCollins, London, 1999)
- R.E. Pahl, *Whose city? And other essays on sociology and planning* (Longman, London, 1970 edn.)
- M. Parkinson, *The Labour Party and the organisation of secondary education 1918-1965* (Routledge & Kegan Paul, London, 1970)
- F. W. Paish, 'Inflation and the balance of payments in the UK, 1952-1967', in Feinstein, *Managed Economy*, pp. 133-46
- L. Panitch, 'The development of corporatism in liberal democracies', in P.C. Schmitter & G. Lehmbruch (eds.), *Trends towards corporatist intermediation* (SAGE, London, 1979), pp. 118-46
- J.B. Parr, 'Growth pole strategies in regional economic planning: a retrospective view, part I, origins and advocacy', *Urban studies* 7, 36 (1999), pp. 1195-1215
- J.P. Parry, *The provision of education in England and Wales* (George Allen & Unwin, London, 1971)
- R. Parry, 'Britain: stable aggregates, changing composition', in R. Rose, E. Page, R. Parry, B.G. Peters, A.C. Pignatelli and K-D. Schmidt (eds.), *Public employment in western nations* (CUP, Cambridge, 1985), pp. 54-96
- A. Partington (ed.), *The Oxford dictionary of quotations* (OUP, Oxford, 1996)
- D.W. Parsons, *The political economy of British regional policy* (Croom Helm, London, 1986)
- T. Parsons, 'Authority, legitimation and political action', in *idem* (ed.), *Structure and process in modern societies* (Free Press, Glencoe, Ill., 1960), pp. 170-98
- P. Paterson, *Tired and emotional: the life of Lord George-Brown* (Chato & Windus, London, 1993)
- A. Peacock & J. Wiseman, *The growth of public expenditure in the United Kingdom* (2nd edn., Allen & Unwin, London, 1967)
- Idem*, 'The British economy and its problems', in Gwyn & Rose, *Progress*, pp. 26-38
- E. Pearce, *The lost leaders: the best Prime Ministers we never had* (Little, Brown, London, 1997)
- G.C. Peden, *The Treasury and British public policy 1906-59* (OUP, Oxford, 2000)
- R. Pedley, *The comprehensive school* (2nd edn., Penguin, Harmondsworth, 1972)

- H. Pelling, *The Labour Governments 1945-51* (Macmillan, London, 1984)
- H. Pemberton, 'A taxing task: combating Britain's relative decline in the 1960s', *TCBH* 12, 3 (2001), pp. 354-75
- H. Perkin, *The rise of professional society* (Routledge, London, 1989)
- M. Phillips, *All must have prizes* (Warner Books, London, 1997)
- W. Pile, *The Department of Education and Science* (Allen & Unwin, London, 1979)
- B. Pimlott, 'The myth of consensus', in L.M. Smith (ed.), *The making of Britain: echoes of greatness* (Macmillan, London, 1988), pp. 129-141
- Idem*, *Harold Wilson* (HarperCollins, London, 1992)
- J. Piper, 'Backbench rebellion, party government and consensus politics: the case of the Parliamentary Labour Party 1966-1970', *Parliamentary Affairs* 27 (1974), pp. 384-96
- R. Plant, 'Social democracy', in Marquand & Seldon, *Ideas*, pp. 165-94
- L. Pliatzky, *Getting and spending: public expenditure, employment and inflation* (rev. edn., Basil Blackwell, Oxford, 1984)
- S. Pollard, *The development of the British economy 1914-1990* (4th edn., Edward Arnold, London, 1992)
- C. Pollitt, *Manipulating the machine: changing the pattern of Ministerial Departments 1960-83* (Allen & Unwin, London, 1984)
- C. Ponting, *Breach of promise: Labour in power, 1964-1970* (Hamish Hamilton, London, 1989)
- T. Neville Postlethwaite, 'The bottom half in lower secondary schooling', in Worswick, *Education and economic performance*, pp. 93-100
- C.G. Powell, *An economic history of the British building industry* (The Architectural Press, London, 1981)
- A. Power, *Estates on the edge: the social consequences of mass housing in northern Europe* (Macmillan, London, 1997)
- S. J. Prais, 'Vocational qualifications of the labour force in Britain and Germany', *National Institute economic review* 98 (1981), pp. 47-59
- Idem*, 'What can we learn from the German system of education and vocational training?', in Worswick, *Education and economic performance*, pp. 40-52
- Idem*, *Productivity, education and training: an international perspective* (Cambridge UP, Cambridge, 1995)
- R. Price, *Labour in British Society: an interpretative history* (Croom Helm, London, 1986)



- S. Price & D. Sanders, 'Economic competence, relative expectations and government popularity in post-war Britain', *Occasional papers of the ESRC centre on micro-social change*, 4 (Essex UP, Colchester, 1991)
- M. Pugh, 'Conservatism in Britain: continuity and change, 1880-1987', *Journal of British studies* 27 (1988), pp. 254-82
- T. Raison, *Tories and the welfare state: a history of Conservative social policy since the Second World War* (Basingstoke, 1990)
- J. Ratcliffe, *Land policy: an exploration of the nature of land in society* (Hutchinson, London, 1976)
- J. Ramsden, *The making of Conservative Party policy: the Conservative Research Department since 1929* (Longman, London, 1979)
- Idem*, "'A party for owners or a party for earners?'" How far did the British Conservative Party really change after 1945?', *Transactions of the Royal Historical Society* 5th series, 37 (1987), pp. 49-63
- Idem*, *The winds of change: Macmillan to Heath, 1957-1975* (Longman, London, 1996)
- P.M. Rees & F.P. Thompson, 'The relative price effect in public expenditure: its nature and method of calculation', *Statistical news* 18 (1972)
- B. Rhodes & J. Moore, 'Evaluating the effects of British regional economic policy', *Economic journal* 83 (1973), pp. 87-110
- Idem*, 'Regional economic policy and the movement of firms to development areas', *Economica* 43 (1976), pp. 17-31
- R.A.W. Rhodes, 'From Prime Ministerial power to core executive', in *idem* & P. Dunleavy (eds.), *Prime Minister, Cabinet and core executive* (Macmillan, Basingstoke, 1995), pp. 11-37
- Idem*, *Understanding governance: policy networks, governance, reflexivity and accountability* (Open UP, Buckingham, 1997)
- R. Rhodes James, *Ambitions and realities: British politics 1964-70* (Weidenfeld & Nicolson, London, 1972)
- A. Ringe, 'Background to Neddy: economic planning in the 1960s', *TCBH* 12, 1 (1998), pp. 82-95
- Idem* & N. Rollings, 'Responding to relative decline: the creation of the National Economic Development Council', *Economic history review* 53, 2 (2000), pp. 331-353
- D. Ritschel, *The politics of planning: the debate on economic planning in Britain in the 1930s* (Clarendon Press, Oxford, 1997)

- A. Roberts, 'Walter Monckton and the "retreat from reality"', in *idem*, *Eminent Churchillians* (Weidenfeld & Nicolson, London, 1994), pp. 243-285
- R. Rogers, *Crowther to Warnock: how fourteen reports tried to change children's lives* (Heinemann Educational, London, 1980)
- N. Rollings, "'Poor Mr Butskell: a short life, wrecked by schizophrenia?'" , *TCBH* 5, 2 (1994), pp. 183-205
- Idem*, 'Bustkellism, the post-war consensus and the managed economy', in Jones & Kandiah, *Myth*, pp. 97-119
- R. Rose, *Do parties make a difference?* (Macmillan, London, 1984)
- Idem*, 'The significance of public employment', in *idem et al* (eds.), *Public employment in Western nations*, pp. 1-53
- M. Rosenbaum, *From soapbox to soundbite: party political campaigning in Britain since 1945* (Macmillan, London, 1997)
- D. Rubinstein & B. Simon, *The evolution of the comprehensive school 1926-66* (Routledge & Kegan Paul, London, 1969)
- M. Sanderson, *The universities and British industry 1850-1970* (London, 1972)
- Idem*, 'Education and economic decline 1890-1990s', *Oxford review of economic policy* 1, 4 (1988), pp. 38-50
- Idem*, *The missing stratum: technical school education in England 1900-1990s* (Athlone Press, London, 1994)
- R. Saran, *Policy making in secondary education: a case study* (Clarendon Press, Oxford, 1973)
- P. Saunders, 'Recent trends in the size and growth in governments in OECD countries', in Gemmell, *Growth of the public sector*, pp. 17-33
- J. Saville, *The Labour movement in Britain: a commentary* (Faber, London, 1988)
- W.M. Scammell, *International monetary policy: Bretton Woods and after* (Macmillan, London, 1975)
- P.C. Schmitter, 'Still the century of corporatism?', in *idem* & Lehmbruch, *Trends towards corporatist intermediation*, pp. 7-52
- F. Schaffer, *The new town story* (2<sup>nd</sup> edn., Paladin, London, 1972)
- C. Schenk, *Britain and the sterling area: from devaluation to convertibility in the 1950s* (Routledge, London, 1994)
- E.F. Schumacher, *Small is beautiful: economics as if people mattered* (Blond & Briggs, London, 1973)

- P. Scott, 'The worst of both worlds: British regional policy 1951-64', *Business history* 38, 4 (1996), pp. 41-64
- R. Scruton, *The aesthetics of architecture* (Methuen, London, 1979)
- M. Seaborne, *Primary school design* (Routledge & Kegan Paul, London, 1971)
- Idem* & R. Lowe, *The English school, vol. II: 1870-1970* (Routledge & Kegan Paul, London, 1977)
- F. Seebohm, *Seebohm twenty years on* (Institute for Policy Studies, London, 1989)
- A. Seldon, *Churchill's Indian summer: the Conservative government, 1951-55* (Hodder & Stoughton, London, 1981)
- Idem*, 'Consensus: a debate too long?', *Parliamentary affairs* 47 (1994), pp. 501-14
- P. Self, *Econocrats and the policy process: the politics and philosophy of cost-benefit analysis* (Macmillan, London, 1975)
- M. Shanks, 'The irregular in Whitehall', in P. Streeten (ed.), *Unfashionable economics* (Weidenfeld & Nicolson, London, 1970), pp. 244-62
- Idem*, *Planning and politics: the British experience, 1960-1976* (PEP, London, 1977)
- M. Shattock, 'Demography and social class: the fluctuating demand for higher education in Britain', *European journal of education* 16, 3 (1981), pp. 381-92
- E. Shaw, *Discipline and discord in the Labour Party* (Manchester UP, Manchester, 1988)
- J. Sheldrake & S. Vickerstaffe, *The history of industrial training in Britain* (Avebury, Aldershot, 1987)
- R. Shepherd, *Iain Macleod* (Pimlico, London, 1994)
- Idem*, *Enoch Powell* (Pimlico, London, 1996)
- B. Simon, 'The Tory government and education, 1951-1960: background to breakout', *History of education* 14, 4 (1985), pp. 283-297
- Idem*, *Education and the social order 1940-1990* (Lawrence & Wishart, London, 1991)
- A. Sked & C. Cook, *Post-war Britain: a political history* (Penguin, Harmondsworth, 1979)
- R. Skidelsky, *John Maynard Keynes, vol. II: the economist as saviour 1920-37* (Macmillan, London, 1992)
- T. Skocpol, 'Bringing the state back in', in *idem*, P.B. Evans & D. Rueschmeyer (eds.), *Bringing the state back in* (CUP, Cambridge, 1985), pp. 1-53
- T. Smith, 'Industrial planning in Britain', in J. Hayward & M. Watson (eds.), *Planning, politics and public policy* (CUP, Cambridge, 1975), pp. 111-127
- G. B. Stafford, *The end of economic growth?* (Martin Robertson, Oxford, 1981)
- R. Steininger, '"The Americans are in a hopeless position": Great Britain and the war in Vietnam 1964-1965', *Diplomacy and statecraft* 8, 3 (1997), pp. 237-85

- F. Steward & D. Wield, 'Science, planning and the state', in Held, MacLennan & Hall, *State and society*, pp. 176-203
- M. Stewart, *Frank Cousins: a study* (Hutchinson, London, 1968)
- W.A.C. Stewart, *Higher education in post-war Britain* (Macmillan, London, 1989)
- P.A. Stone, 'The price of building sites in Britain', in Hall (ed.), *Land values*, pp. 1-18
- Idem*, *Urban development in Britain: standards, costs and resources 1964-2004. Vol. I: population trends and housing* (Cambridge UP, Cambridge, 1970)
- D.K. Stout, 'Incomes policy and the costs of the adversary system', in Finer, *Adversary politics*, pp. 117-40
- S. Strange, *Sterling and British policy: a political study of an international currency in decline* (OUP, Oxford, 1971)
- B. Supple, 'Fear of failing: economic history and the decline of Britain', *Economic History Review* 47 (1994), pp. 441-458
- S. Szreter, 'British economic decline and human resources', in Clarke & Trebilcock, *Understanding decline*, pp. 73-102
- M. Taylor, 'Patriotism, history and the left in twentieth century Britain', *Historical journal* 33 (1990), pp. 971-987
- Idem*, 'Voluntary action and the state', in Gladstone, *British social welfare*, pp. 214-40
- W. Taylor, *The secondary modern school* (Faber & Faber, London, 1963)
- B. Tew, *The evolution of the international monetary system 1945-85* (3rd edn., Hutchinson, London, 1985)
- A. P. Thirlwall, *Nicholas Kaldor* (Wheatsheaf, Brighton, 1987)
- C. Thain & M. Wright, *The Treasury and Whitehall: the planning and control of public expenditure 1976-93* (Clarendon Press, Oxford, 1995)
- P. Thane, *Old age in English history: past experiences, present issues* (Oxford UP, Oxford, 2000)
- K. Theakston, *The Labour Party and Whitehall* (Routledge, London, 1992)
- Idem*, 'The Heath Government, Whitehall and the civil service', in Ball & Seldon, *Heath Government*, pp. 75-106
- D. Thomas, *London's green belt* (Faber & Faber, London, 1970)
- N. Thompson, *Political economy and the Labour Party: the economics of democratic socialism* (UCL Press, London, 1996)
- N. Timmins, *The five giants: a biography of the welfare state* (Harpercollins, London, 1995)
- N. Tiratsoo & J. Tomlinson, *The Conservatives and industrial efficiency, 1951-64: thirteen wasted years?* (Routledge, London, 1998)

- J. Tomlinson, 'Why was there never a Keynesian revolution in economic policy?', *Economy and society* 10, 1 (1981), pp. 72-87
- Idem*, 'The "economics of politics" and public expenditure: a critique', *Economy and society*, 10, 4 (1981), pp. 381-402
- Idem*, *Employment policy: the crucial years 1939-55* (Clarendon Press, Oxford, 1987)
- Idem*, *Public policy and the economy since 1900* (Clarendon Press, Oxford, 1990)
- Idem*, 'Planning: debate and policy in the 1940s', *TCBH* 3, 2 (1992), pp. 154-74
- Idem*, "'Liberty with order": Conservative economic policy, 1951-1964', in Francis & Zweiniger-Bargielowska, *Conservatives*, pp. 274-288
- Idem*, 'Inventing "decline": the falling behind of the British economy in the post-war years', *Economic history review* 49, 4 (1996), pp. 731-57
- Idem*, 'Conservative modernisation, 1960-64: too little, too late?', *Contemporary British history* 11, 3 (1997), pp. 18-38
- Idem*, Review of Holmans, *Demand management*, *Economic history review* 53, 4 (2000), pp. 833-5
- N.L. Tranter, *British population in the twentieth century* (Macmillan, London, 1996)
- J. Turner, *Macmillan* (Longman, London, 1994)
- Y. Ullmo, 'France', in Hayward & Watson, *Planning*, pp. 22-51
- N.J. Vig, *Science and technology in British politics* (Pergamon Press, Oxford, 1968)
- G. Walden, *We should know better: solving the education crisis* (Penguin, Harmondsworth, 1996)
- D. Walker, 'The first Wilson governments, 1964-1970', in P. Hennessy & A. Seldon (eds.), *Ruling performance: British governments from Attlee to Thatcher* (Blackwell, Oxford, 1987), pp. 186-216
- P. Wann, 'The collapse of parliamentary bipartisanship in education', *Journal of educational administration and history* 3, 2 (1971), pp. 24-34
- B. Watkin, *The National Health Service: the first phase, 1948-74 and after* (Allen & Unwin, London, 1978)
- C. Webster, 'Conflict and consensus: explaining the British health service', *TCBH* 1, 2 (1990), pp. 115-51
- Idem*, 'Conservatives and consensus: the politics of the National Health Service 1951-64', in A. Oakley & A. Williams (eds.), *The politics of the welfare state* (UCL Press, London, 1994), pp. 54-74
- Idem*, *The health services since the war, vol. II. Government and health care: the National Health Service 1958-1979* (HMSO, London, 1996)

- Idem*, *The National Health Service: a political history* (OUP, Oxford, 1998)
- R. Wilkinson, *Unhealthy societies: the afflictions of inequality* (Routledge, London, 1996)
- P. Williams, *Hugh Gaitskell* (OUP, Oxford, 1979)
- T. Wilson, 'The economic costs of the adversary system', in *Finer, Adversary politics*, pp. 79-116
- J.T. Winkler, 'The corporate economy: theory and administration', in R. Scase (ed.), *Industrial society: class, cleavage and control* (Allen & Unwin, London, 1977), pp. 43-58
- S. Wood, 'Why "indicative planning" failed: British industry and the formation of the National Economic Development Council 1960-64', *TCBH* 11, 4 (2000), pp. 431-59
- N. Woodward, 'Labour's economic performance, 1964-1970', in Coppey, Fielding & Tiratsoo, *Wilson governments*, pp. 102-22
- A. Woolridge, 'The English state and educational theory', in Green & Whiting, *Boundaries of the state*, pp. 231-57
- S. Wolin, *Politics and vision: continuity and innovation in western political thought* (Allen & Unwin, London, 1961)
- M. Wright, 'From planning to control: PESC in the 1970s', in *idem* (ed.), *Public spending decisions: growth and restraint in the 1970s* (Allen & Unwin, London, 1980), pp. 88-119
- R. J. Wybrow, *Britain speaks out: a social history as seen through the Gallup data* (Macmillan, London, 1989)
- K. Young & N. Rao, *Local government in Britain since 1945* (Blackwell, Oxford, 1997)
- E. Younghusband, *Social work in Britain 1950-1975: a follow-up study* (Allen & Unwin, London, 1975)
- M.D.F. Young, 'On the politics of educational knowledge', *Economy and society* 1, 1 (1972), pp. 194-215
- S. Young & A.V. Lowe, *Intervention in the mixed economy: the evolution of British industrial policy 1964-72* (Croom Helm, London, 1974)
- P. Ziegler, *Wilson: the authorised biography* (Weidenfeld & Nicolson, London, 1993)
- I. Zweiniger-Bargielowska, 'Consensus and consumption: rationing, austerity, and controls after the war', in Jones & Kandiah, *Myth*, pp. 79-96

